UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2022

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _______ to _______

Commission File Number: 001-36708

Uniti Group Inc.
(Exact name of registrant as specified in its charter)

Maryland	**46-5230630**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
2101 Riverfront Drive, Suite A **Little Rock, Arkansas**	**72202**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (501) 850-0820

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	UNIT	The NASDAQ Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	x	Accelerated filer	o
Non-accelerated filer	o	Smaller reporting company	o
		Emerging growth company	o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ o No x

As of July 28, 2022, the registrant had 237,251,277 shares of common stock, $0.0001 par value per share, outstanding.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes forward-looking statements as defined under U.S. federal securities law. Forward-looking statements include all statements that are not historical statements of fact and those regarding our intent, belief or expectations, including, but not limited to, statements regarding: our expectations regarding the settlement we have entered into with Windstream Holdings, Inc. (together with Windstream Holdings II, LLC, its successor in interest, and its subsidiaries, “Windstream”); the future prospects and financial health of Windstream; our expectations about our ability to maintain our status as a real estate investment trust (a “REIT”); our expectations regarding the effect of the COVID-19 pandemic on our results of operations and financial condition, including the potential need to perform an interim goodwill analysis and report an impairment charge related thereto; our expectations regarding the effect of the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”), the Consolidated Appropriations Act of 2021 (the “2021 Appropriations Act”) and other tax related legislation on our tax position; our expectations regarding the future growth and demand of the telecommunication industry, future financing plans, business strategies, growth prospects, operating and financial performance, and our future liquidity needs and access to capital; expectations regarding future deployment of fiber strand miles and small cell networks and recognition of revenue related thereto; expectations regarding levels of capital expenditures; expectations regarding the deductibility of goodwill for tax purposes; expectations regarding reclassification of accumulated other comprehensive income (loss) related to derivatives to interest expense; expectations regarding the amortization of intangible assets; and expectations regarding the payment of dividends.

Words such as “anticipate(s),” “expect(s),” “intend(s),” “plan(s),” “believe(s),” “may,” “will,” “would,” “could,” “should,” “seek(s)” and similar expressions, or the negative of these terms, are intended to identify such forward-looking statements. These statements are based on management's current expectations and beliefs and are subject to a number of risks and uncertainties that could lead to actual results differing materially from those projected, forecasted or expected. Although we believe that the assumptions underlying the forward-looking statements are reasonable, we can give no assurance that our expectations will be attained. Factors which could have a material adverse effect on our operations and future prospects or which could cause actual results to differ materially from our expectations include, but are not limited to:

- the future prospects of our largest customer, Windstream, following its emergence from bankruptcy;
- adverse impacts of the COVID-19 pandemic, inflation and rising interest rates on our employees, our business, the business of our customers and other business partners and the global financial markets;
- the ability and willingness of our customers to meet and/or perform their obligations under any contractual arrangements entered into with us, including master lease arrangements;
- the ability of our customers to comply with laws, rules and regulations in the operation of the assets we lease to them;
- the ability and willingness of our customers to renew their leases with us upon their expiration, our ability to reach agreement on the price of such renewal or ability to obtain a satisfactory renewal rent from an independent appraisal, and the ability to reposition our properties on the same or better terms in the event of nonrenewal or in the event we replace an existing tenant;
- our ability to renew, extend or retain our contracts or to obtain new contracts with significant customers (including customers of the businesses that we acquire);
- the availability of and our ability to identify suitable acquisition opportunities and our ability to acquire and lease the respective properties on favorable terms or operate and integrate the acquired businesses;
- our ability to generate sufficient cash flows to service our outstanding indebtedness and fund our capital funding commitments;
- our ability to access debt and equity capital markets;
- the impact on our business or the business of our customers as a result of credit rating downgrades and fluctuating interest rates;
- adverse impacts of litigation or disputes involving us or our customers;
- our ability to retain our key management personnel;
- our ability to maintain our status as a REIT;

- changes in the U.S. tax law and other federal, state or local laws, whether or not specific to REITs, including the impact of the CARES Act, the Families First Coronavirus Response Act and the 2021 Appropriations Act;
- covenants in our debt agreements that may limit our operational flexibility;
- the possibility that we may experience equipment failures, natural disasters, cyber attacks or terrorist attacks for which our insurance may not provide adequate coverage;
- the risk that we fail to fully realize the potential benefits of or have difficulty in integrating the companies we acquire;
- other risks inherent in the communications industry and in the ownership of communications distribution systems, including potential liability relating to environmental matters and illiquidity of real estate investments; and
- additional factors discussed in Part I, Item 2 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Part II, Item 1A “Risk Factors” of this Quarterly Report on Form 10-Q and in Part I, Item 1A "Risk Factors" of our Annual Report on Form 10-K, as well as those described from time to time in our future reports filed with the U.S. Securities and Exchange Commission (the “SEC”).

Forward-looking statements speak only as of the date of this Quarterly Report. Except in the normal course of our public disclosure obligations, we expressly disclaim any obligation to release publicly any updates or revisions to any forward-looking statements to reflect any change in our expectations or any change in events, conditions or circumstances on which any such statement is based.

Uniti Group Inc.
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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

Uniti Group Inc.
Condensed Consolidated Balance Sheets

(Thousands, except par value)	(Unaudited) June 30, 2022	December 31, 2021
Assets:		
Property, plant and equipment, net	$ 3,615,532	$ 3,508,939
Cash and cash equivalents	61,405	58,903
Accounts receivable, net	45,679	38,455
Goodwill	601,878	601,878
Intangible assets, net	349,737	364,630
Straight-line revenue receivable	55,621	41,323
Operating lease right-of-use assets, net	82,162	80,271
Other assets	84,976	38,900
Investment in unconsolidated entities	39,309	64,223
Deferred income tax assets, net	18,907	11,721
Total Assets	$ 4,955,206	$ 4,809,243
Liabilities and Shareholders' Deficit:		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	$ 131,073	$ 86,868
Settlement payable (Note 13)	245,171	239,384
Intangible liabilities, net	172,439	177,786
Accrued interest payable	131,080	109,826
Deferred revenue	1,170,004	1,134,236
Derivative liability, net	4,067	10,413
Dividends payable	745	1,264
Operating lease liabilities	60,829	57,355
Finance lease obligations	15,214	15,348
Notes and other debt, net	5,099,782	5,090,537
Total liabilities	7,030,404	6,923,017
Commitments and contingencies (Note 13)		
Shareholders' Deficit:		
Preferred stock, $0.0001 par value, 50,000 shares authorized, no shares issued and outstanding	—	—
Common stock, $0.0001 par value, 500,000 shares authorized, issued and outstanding: 235,700 shares at June 30, 2022 and 234,779 at December 31, 2021	24	23
Additional paid-in capital	1,224,427	1,214,830
Accumulated other comprehensive loss	(3,516)	(9,164)
Distributions in excess of accumulated earnings	(3,298,455)	(3,333,481)
Total Uniti shareholders' deficit	(2,077,520)	(2,127,792)
Noncontrolling interests:		
Operating partnership units	2,072	13,893
Cumulative non-voting convertible preferred stock, $0.01 par value, 6 shares authorized, 3 issued and outstanding	250	125
Total shareholders' deficit	(2,075,198)	(2,113,774)
Total Liabilities and Shareholders' Deficit	$ 4,955,206	$ 4,809,243

The accompanying notes are an integral part of these condensed consolidated financial statements.

Uniti Group Inc.
Condensed Consolidated Statements of Income
(unaudited)

(Thousands, except per share data)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Revenues:				
Leasing	$ 205,614	$ 196,057	$ 410,255	$ 390,993
Fiber Infrastructure	78,361	72,123	151,754	149,773
Total revenues	283,975	268,180	562,009	540,766
Costs and Expenses:				
Interest expense, net	96,377	106,388	192,549	246,969
Depreciation and amortization	72,303	69,671	143,760	140,635
General and administrative expense	25,085	24,900	48,955	50,723
Operating expense (exclusive of depreciation and amortization)	36,917	33,185	71,893	71,269
Transaction related and other costs	3,235	424	4,949	4,561
Gain on sale of real estate	(250)	(442)	(250)	(442)
Gain on sale of operations	—	(28,143)	—	(28,143)
Other (income) expense, net	(7,930)	8,021	(8,328)	8,475
Total costs and expenses	225,737	214,004	453,528	494,047
Income before income taxes and equity in earnings from unconsolidated entities	58,238	54,176	108,481	46,719
Income tax expense	4,944	5,084	2,873	2,527
Equity in earnings from unconsolidated entities	(480)	(547)	(1,024)	(945)
Net income	53,774	49,639	106,632	45,137
Net income attributable to noncontrolling interests	77	732	205	668
Net income attributable to shareholders	53,697	48,907	106,427	44,469
Participating securities' share in earnings	(340)	(333)	(671)	(581)
Dividends declared on convertible preferred stock	(5)	(2)	(10)	(5)
Net income attributable to common shareholders	$ 53,352	$ 48,572	$ 105,746	$ 43,883
Income per common share:				
Basic	$ 0.23	$ 0.21	$ 0.45	$ 0.19
Diluted	$ 0.21	$ 0.20	$ 0.42	$ 0.19
Weighted-average number of common shares outstanding:				
Basic	235,656	231,801	235,352	231,636
Diluted	267,361	262,268	267,045	231,862

The accompanying notes are an integral part of these condensed consolidated financial statements.

Uniti Group Inc.
Condensed Consolidated Statements of Comprehensive Income
(unaudited)

(Thousands)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Net income	$ 53,774	$ 49,639	$ 106,632	$ 45,137
Other comprehensive income:				
Interest rate swap termination	2,829	2,829	5,659	5,658
Other comprehensive income:	2,829	2,829	5,659	5,658
Comprehensive income	56,603	52,468	112,291	50,795
Comprehensive income attributable to noncontrolling interest	81	773	216	751
Comprehensive income attributable to shareholders	$ 56,522	$ 51,695	$ 112,075	$ 50,044

The accompanying notes are an integral part of these condensed consolidated financial statements.

Uniti Group Inc.
Condensed Consolidated Statements of Shareholders' Deficit
(unaudited)

For the Three Months Ended June 30,

(Thousands, except share data)	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Distributions in Excess of Accumulated Earnings	Noncontrolling Interest - OP Units	Noncontrolling Interest - Non-voting Preferred Shares	Total Shareholders' Deficit
	Shares	Amount	Shares	Amount						
Balance at March 31, 2021	—	$ —	231,694,203	$ 23	$ 1,150,550	$ (17,580)	$ (3,355,423)	$ 68,615	$ 125	$ (2,153,690)
Net income	—	—	—	—	—	—	48,907	732	—	49,639
Other comprehensive income	—	—	—	—	—	2,788	—	41	—	2,829
Common stock dividends declared ($0.15 per share)	—	—	—	—	—	—	(34,855)	—	—	(34,855)
Distributions to noncontrolling interest declared	—	—	—	—	—	—	—	(520)	—	(520)
Payments related to tax withholding for stock-based compensation	—	—	—	—	(336)	—	—	—	—	(336)
Stock-based compensation	—	—	110,718	—	3,462	—	—	—	—	3,462
Issuance of common stock - employee stock purchase plan	—	—	—	—	31	—	—	—	—	31
Balance at June 30 2021	—	—	231,804,921	23	1,153,707	(14,792)	(3,341,371)	68,868	125	(2,133,440)
Balance at March 31, 2022	—	$ —	235,297,990	$ 23	$ 1,220,039	$ (6,341)	$ (3,316,781)	$ 10,788	$ 250	$ (2,092,022)
Net income	—	—	—	—	—	—	53,697	77	—	53,774
Other comprehensive income	—	—	—	—	—	2,825	—	4	—	2,829
Common stock dividends declared ($0.15 per share)	—	—	—	—	—	—	(35,371)	—	—	(35,371)
Distributions to noncontrolling interest declared	—	—	—	—	—	—	—	(78)	—	(78)
Exchange of noncontrolling interest	—	—	86,949	—	4,099	—	—	(8,719)	—	(4,620)
Payments related to tax withholding for stock-based compensation	—	—	—	—	(2,911)	—	—	—	—	(2,911)
Stock-based compensation	—	—	314,574	1	3,200	—	—	—	—	3,201
Balance at June 30, 2022	—	—	235,699,513	24	1,224,427	(3,516)	(3,298,455)	2,072	250	(2,075,198)

For the Six Months Ended June 30,

(Thousands, except share data)	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Distributions in Excess of Accumulated Earnings	Noncontrolling Interest - OP Units	Noncontrolling Interest - Non-voting Preferred Shares	Total Shareholders' Deficit
	Shares	Amount	Shares	Amount						
Balance at December 31, 2020	—	$ —	231,261,958	$ 23	$ 1,209,141	$ (20,367)	$ (3,330,455)	$ 69,157	$ 125	$ (2,072,376)
Cumulative effect adjustment for adoption of new accounting standard	—	—	—	—	(59,908)	—	14,598	—	—	(45,310)
Net income	—	—	—	—	—	—	44,469	668	—	45,137
Other comprehensive income	—	—	—	—	—	5,575	—	83	—	5,658
Common stock dividends declared ($0.30 per share)	—	—	—	—	—	—	(69,983)	—	—	(69,983)
Distributions to noncontrolling interest declared	—	—	—	—	—	—	—	(1,040)	—	(1,040)
Payments related to tax withholding for stock-based compensation	—	—	—	—	(2,642)	—	—	—	—	(2,642)
Stock-based compensation	—	—	507,199	—	6,797	—	—	—	—	6,797
Issuance of common stock - employee stock purchase plan	—	—	35,764	—	319	—	—	—	—	319
Balance at June 30 2021	—	—	231,804,921	23	1,153,707	(14,792)	(3,341,371)	68,868	125	(2,133,440)
Balance at December 31, 2021	—	$ —	234,779,247	$ 23	$ 1,214,830	$ (9,164)	$ (3,333,481)	$ 13,893	$ 125	$ (2,113,774)
Net income	—	—	—	—	—	—	106,427	205	—	106,632
Other comprehensive income	—	—	—	—	—	5,648	—	11	—	5,659
Common stock dividends declared ($0.30 per share)	—	—	—	—	—	—	(71,276)	—	—	(71,276)
Distributions to noncontrolling interest declared	—	—	—	—	—	—	—	(160)	—	(160)
Cumulative non-voting convertible preferred stock	—	—	—	—	—	—	(125)	—	125	—
Exchange of noncontrolling interest	—	—	244,682	—	7,257	—	—	(11,877)	—	(4,620)
Payments related to tax withholding for stock-based compensation	—	—	—	—	(4,436)	—	—	—	—	(4,436)
Stock-based compensation	—	—	646,260	1	6,512	—	—	—	—	6,513
Issuance of common stock - employee stock purchase plan	—	—	29,324	—	264	—	—	—	—	264
Balance at June 30, 2022	—	—	235,699,513	24	1,224,427	(3,516)	(3,298,455)	2,072	250	(2,075,198)

The accompanying notes are an integral part of these condensed consolidated financial statements.

Uniti Group Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited)

(Thousands)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Cash flow from operating activities		
Net income	$ 106,632	$ 45,137
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	143,760	140,635
Amortization of deferred financing costs and debt discount	9,015	9,371
Loss on debt extinguishment	—	43,369
Interest rate swap termination	5,659	5,658
Deferred income taxes	(7,185)	605
Equity in earnings of unconsolidated entities	(1,024)	(945)
Distributions of cumulative earnings from unconsolidated entities	1,969	1,950
Cash paid for interest rate swap settlement	(6,346)	(6,110)
Straight-line revenues and amortization of below-market lease intangibles	(21,148)	(14,215)
Stock-based compensation	6,513	6,797
Change in fair value of contingent consideration	—	21
Gain on sale of unconsolidated entity (see Note 5)	(7,923)	—
Gain on sale of real estate	(250)	(442)
Gain on sale of operations	—	(28,143)
Loss (gain) on asset disposals	586	(218)
Accretion of settlement obligation	5,787	8,889
Other	(630)	143
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable	(7,224)	19,965
Other assets	559	39,019
Accounts payable, accrued expenses and other liabilities	5,858	46,991
Net cash provided by operating activities	234,608	318,477
Cash flow from investing activities		
Capital expenditures	(184,039)	(177,934)
Proceeds from sale of unconsolidated entity (see Note 5)	32,527	—
Proceeds from sale of real estate, net of cash	325	1,034
Proceeds from sale of operations	—	62,113
Proceeds from sale of other equipment	431	399
Net cash used in investing activities	(150,756)	(114,388)
Cash flow from financing activities		
Repayment of debt	—	(1,660,000)
Proceeds from issuance of notes	—	1,680,000
Dividends paid	(71,771)	(70,386)
Payments of settlement payable	—	(49,011)
Payments of contingent consideration	—	(2,979)
Distributions paid to noncontrolling interest	(186)	(1,039)
Payment for exchange of noncontrolling interest	(4,620)	—
Borrowings under revolving credit facility	105,000	205,000
Payments under revolving credit facility	(105,000)	(220,000)
Finance lease payments	(601)	(1,393)
Payments for financing costs	—	(25,156)
Payment of tender premium	—	(25,800)
Employee stock purchase program	264	319
Payments related to tax withholding for stock-based compensation	(4,436)	(2,642)
Net cash used in financing activities	(81,350)	(173,087)
Net increase in cash and cash equivalents	2,502	31,002
Cash and cash equivalents at beginning of period	58,903	77,534
Cash and cash equivalents at end of period	$ 61,405	$ 108,536
Non-cash investing and financing activities:		
Property and equipment acquired but not yet paid	$ 10,739	$ 17,764
Tenant capital improvements	85,389	106,789

The accompanying notes are an integral part of these condensed consolidated financial statements.

Uniti Group Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)

Note 1. Organization and Description of Business

Uniti Group Inc. (the "Company," "Uniti," "we," "us," or "our") was incorporated in the state of Maryland on September 4, 2014. We are an independent internally managed real estate investment trust ("REIT") engaged in the acquisition, construction and leasing of mission critical infrastructure in the communications industry. We are principally focused on acquiring and constructing fiber optic, copper and coaxial broadband networks and data centers. We manage our operations focused on our two primary lines of business: Uniti Fiber and Uniti Leasing.

The Company operates through a customary "up-REIT" structure, pursuant to which we hold substantially all of our assets through a partnership, Uniti Group LP, a Delaware limited partnership (the "Operating Partnership") that we control as general partner. The up-REIT structure is intended to facilitate future acquisition opportunities by providing the Company with the ability to use common units of the Operating Partnership as a tax-efficient acquisition currency. As of June 30, 2022, we are the sole general partner of the Operating Partnership and own approximately 99.96% of the partnership interests in the Operating Partnership.

Note 2. Basis of Presentation and Summary of Significant Accounting Policies

The accompanying Condensed Consolidated Financial Statements include all accounts of the Company and its wholly-owned and/or controlled subsidiaries, including the Operating Partnership. Under the Accounting Standards Codification 810, *Consolidation* ("ASC 810"), the Operating Partnership is considered a variable interest entity and is consolidated in the Condensed Consolidated Financial Statements of Uniti Group Inc. because the Company is the primary beneficiary. All material intercompany balances and transactions have been eliminated.

ASC 810 provides guidance on the identification of entities for which control is achieved through means other than voting rights ("variable interest entities" or "VIEs") and the determination of which business enterprise, if any, should consolidate the VIEs. Generally, the consideration of whether an entity is a VIE applies when either: (1) the equity investors (if any) lack (i) the ability to make decisions about the entity's activities through voting or similar rights, (ii) the obligation to absorb the expected losses of the entity, or (iii) the right to receive the expected residual returns of the entity; (2) the equity investment at risk is insufficient to finance that entity's activities without additional subordinated financial support; or (3) the equity investors have voting rights that are not proportionate to their economic interests and substantially all of the activities of the entity involve or are conducted on behalf of an investor with a disproportionately small voting interest. The Company consolidates VIEs in which it is considered to be the primary beneficiary. The primary beneficiary is defined as the entity having both of the following characteristics: (1) the power to direct the activities that, when taken together, most significantly impact the VIE's performance; and (2) the obligation to absorb losses and right to receive the returns from the VIE that would be significant to the VIE.

The accompanying Condensed Consolidated Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information set forth in the Accounting Standards Codification ("ASC"), as published by the Financial Accounting Standards Board ("FASB"), and with the applicable rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement of results for the interim period have been included. Operating results from any interim period are not necessarily indicative of the results that may be expected for the full fiscal year. The accompanying Condensed Consolidated Financial Statements and related notes should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K filed with the SEC on February 25, 2022, as amended by Amendment No. 1 thereto filed on Form 10-K/A with the SEC on March 22, 2022 (the "Annual Report"). Accordingly, significant accounting policies and other disclosures normally provided have been omitted from the accompanying Condensed Consolidated Financial Statements and related notes since such items are disclosed in our Annual Report.

Concentration of Credit Risks—Prior to September 2020, we were party to a long-term exclusive triple-net lease (the "Master Lease") with Windstream Holdings, Inc. (together with Windstream Holdings II, LLC, its successor in interest, and its subsidiaries, "Windstream") pursuant to which a substantial portion of our real property was leased to Windstream and from which a substantial portion of our leasing revenues were derived. On September 18, 2020, Uniti and Windstream bifurcated the Master Lease and entered into two structurally similar master leases (collectively, the "Windstream Leases"), which amended and restated the Master Lease in its entirety. Revenue under the Windstream Leases provided 66.3% and 67.1% of our revenue for the six months ended June 30, 2022 and 2021, respectively. Because a substantial portion of our revenue and cash flows are derived from lease payments by Windstream pursuant to the Windstream Leases, there could be a material adverse impact on our consolidated results of operations, liquidity, financial condition and/or ability to pay dividends and service debt if Windstream were to default under the Windstream Leases or otherwise experiences operating or liquidity difficulties and becomes unable to generate sufficient cash to make payments to us.

Prior to its emergence from bankruptcy on September 21, 2020, Windstream was a publicly traded company subject to the periodic filing requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Windstream's historic filings through their quarter ended June 30, 2020 can be found at www.sec.gov. Additionally, the Windstream audited financial statements as of December 31, 2021, and for the year ended December 31, 2021, as of December 31, 2020 and for the period from September 22, 2020 to December 31, 2020 and for the period from January 1, 2020 to September 21, 2020 and for the year ended December 31, 2019 are included as an exhibit to our Annual Report. On September 22, 2020, Windstream filed a Form 15 to terminate all filing obligations under Sections 12(g) and 15(d) under the Exchange Act. Windstream filings are not incorporated by reference in this Quarterly Report on Form 10-Q.

We monitor the credit quality of Windstream through numerous methods, including by (i) reviewing credit ratings of Windstream by nationally recognized credit agencies, (ii) reviewing the financial statements of Windstream that are required to be delivered to us pursuant to the Windstream Leases, (iii) monitoring news reports regarding Windstream and its business, (iv) conducting research to ascertain industry trends potentially affecting Windstream, (v) monitoring Windstream's compliance with the terms of the Windstream Leases and (vi) monitoring the timeliness of its payments under the Windstream Leases.

As of the date of this Quarterly Report on Form 10-Q, Windstream is current on all lease payments. We note that in August 2020, Moody's Investor Service assigned a B3 corporate family rating with a stable outlook to Windstream in connection with its post-emergence exit financing. At the same time, S&P Global Ratings assigned Windstream a B- issuer rating with a stable outlook. Both ratings remain current as of the date of this filing. In order to assist us in our continuing assessment of Windstream's creditworthiness, we periodically receive certain confidential financial information and metrics from Windstream.

Reclassifications—Certain prior year asset and liability categories and related amounts have been reclassified to conform with current year presentation.

Recently Adopted Accounting Pronouncements

In May 2021, the FASB issued ASU 2021-04, *Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation— Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815- 40)*: *Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options*, which clarifies and reduces diversity in an issuer's accounting for modifications or exchanges of freestanding equity-classified written call options (for example, warrants) that remain equity classified after modification or exchange ("ASU 2021-04"). ASU 2021-04 is effective for all entities for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Company adopted ASU 2021-04 effective January 1, 2022, and there was no impact on our consolidated financial statements.

In July 2021, the FASB issued ASU 2021-05, *Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments* ("ASU 2021-05"), which requires lessors to classify leases as operating leases if they (1) have variable lease payments that do not depend on a reference index or rate, and (2) would have resulted in the recognition of a selling loss at lease commencement if classified as sales-type or direct financing. ASU 2021-05 is effective for all entities which have previously adopted Topic 842 for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Company adopted ASU 2021-05 effective January 1, 2022, and there was no impact on our consolidated financial statements.

Note 3. Revenues

Disaggregation of Revenue

The following table presents our revenues disaggregated by revenue stream.

(Thousands)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Revenue disaggregated by revenue stream				
Revenue from contracts with customers				
Fiber Infrastructure				
Lit backhaul	$ 19,937	$ 22,979	$ 39,375	$ 48,023
Enterprise and wholesale	21,001	21,327	41,936	42,327
E-Rate and government	18,505	15,926	32,782	35,290
Other	712	824	1,373	1,640
Fiber Infrastructure	$ 60,155	$ 61,056	$ 115,466	$ 127,280
Leasing	1,194	1,000	2,352	2,167
Total revenue from contracts with customers	61,349	62,056	117,818	129,447
Revenue accounted for under leasing guidance				
Leasing	204,420	195,057	407,903	388,826
Fiber Infrastructure	18,206	11,067	36,288	22,493
Total revenue accounted for under leasing guidance	222,626	206,124	444,191	411,319
Total revenue	$ 283,975	$ 268,180	$ 562,009	$ 540,766

At June 30, 2022 and December 31, 2021, lease receivables were $19.5 million and $19.4 million, respectively, and receivables from contracts with customers were $22.7 million and $14.7 million, respectively.

Contract Assets (Unbilled Revenue) and Liabilities (Deferred Revenue)

Contract assets primarily consist of unbilled construction revenue where we are utilizing our costs incurred as the measure of progress of satisfying our performance obligation. Contract assets are reported within accounts receivable, net on our Condensed Consolidated Balance Sheets. When the contract price is invoiced, the related unbilled receivable is reclassified to trade accounts receivable, where the balance will be settled upon the collection of the invoiced amount. Contract liabilities are generally comprised of upfront fees charged to the customer for the cost of establishing the necessary components of the Company's network prior to the commencement of use by the customer. Fees charged to customers for the recurring use of the Company's network are recognized during the related periods of service. Upfront fees that are billed in advance of providing services are deferred until such time the customer accepts the Company's network and then are recognized as service revenues ratably over a period in which substantive services required under the revenue arrangement are expected to be performed, which is the initial term of the arrangement. During the three and six months ended June 30, 2022, we recognized revenues of $1.2 million and $3.0 million, respectively, which was included in the December 31, 2021 contract liabilities balance.

The following table provides information about contract assets and contract liabilities accounted for under ASC 606.

(Thousands)	Contract Assets	Contract Liabilities
Balance at December 31, 2021	$ 4,066	$ 9,099
Balance at June 30, 2022	$ 805	$ 8,853

Transaction Price Allocated to Remaining Performance Obligations

Performance obligations within contracts to stand ready to provide services are typically satisfied over time or as those services are provided. Contract liabilities primarily relate to deferred revenue from upfront customer payments. The deferred revenue is recognized, and the liability reduced, over the contract term as the Company completes the performance obligation. As of June 30, 2022, our future revenues (i.e., transaction price related to remaining performance obligations) under contract accounted for under ASC 606 totaled $438.1 million, of which $341.2 million is related to contracts that are currently being invoiced and have an average remaining contract term of 1.7 years, while $96.9 million represents our backlog for sales bookings which have yet to be installed and have an average contract term of 5.5 years. We do not disclose the value of unsatisfied performance obligations for contracts that have an original expected duration of one year or less.

Note 4. Leases

Lessor Accounting

We lease communications towers, ground, colocation, and dark fiber to tenants under operating leases. Our leases have initial lease terms ranging from less than one year to 35 years, most of which include options to extend or renew the leases for less than one year to 20 years (based on the satisfaction of certain conditions as defined in the lease agreements), and some of which may include options to terminate the leases within one to six months**.** Certain lease agreements contain provisions for future rent increases. Payments due under the lease contracts include fixed payments plus, for some of our leases, variable payments.

The components of lease income for the three and six months ended June 30, 2022 and 2021, respectively, are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Thousands)	2022	2021	2022	2021
Lease income - operating leases	$ 222,626	$ 206,124	$ 444,191	$ 411,319

Lease payments to be received under non-cancellable operating leases where we are the lessor for the remainder of the lease terms as of June 30, 2022 are as follows:

(Thousands)	June 30, 2022[(1)]
2022	$ 379,415
2023	775,007
2024	778,548
2025	779,719
2026	781,321
Thereafter	3,043,381
Total lease receivables	$ 6,537,391

(1) Total future minimum lease payments to be received include $5.6 billion relating to the Windstream Leases.

The underlying assets under operating leases where we are the lessor are summarized as follows:

(Thousands)	June 30, 2022	December 31, 2021
Land	$ 26,564	$ 26,593
Building and improvements	343,988	343,624
Poles	290,624	281,130
Fiber	3,382,487	3,278,276
Equipment	428	428
Copper	3,952,978	3,918,281
Conduit	89,925	89,859
Tower assets	1,397	1,397
Finance lease assets	28,126	28,126
Other assets	10,602	10,649
	8,127,119	7,978,363
Less: accumulated depreciation	(5,477,554)	(5,391,479)
Underlying assets under operating leases, net	$ 2,649,565	$ 2,586,884

Depreciation expense for the underlying assets under operating leases where we are the lessor for the three and six months ended June 30, 2022 and 2021, respectively, is summarized as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Thousands)	2022	2021	2022	2021
Depreciation expense for underlying assets under operating leases	$ 43,544	$ 44,107	$ 86,731	$ 90,020

Lessee Accounting

We have commitments under operating leases for communications towers, ground, colocation, dark fiber lease arrangements and buildings. We also have finance leases for dark fiber lease arrangements. Our leases have initial lease terms ranging from less than one year to 30 years, most of which include options to extend or renew the leases for less than one year to 20 years, and some of which may include options to terminate the leases within one to six months. Certain lease agreements contain provisions for future rent increases. Payments due under the lease contracts include fixed payments plus, for some of our leases, variable payments.

As of June 30, 2022, we have short term lease commitments amounting to approximately $2.6 million.

Future lease payments under non-cancellable leases as of June 30, 2022 are as follows:

(Thousands)	Operating Leases	Finance Leases
2022	$ 7,978	$ 1,192
2023	14,362	2,375
2024	11,971	2,176
2025	9,323	2,115
2026	6,608	2,115
Thereafter	39,103	14,683
Total undiscounted lease payments	$ 89,345	$ 24,656
Less: imputed interest	(28,516)	(9,442)
Total lease liabilities	$ 60,829	$ 15,214

Note 5. Investments in Unconsolidated Entities

Fiber Holdings

BB Fiber Holdings LLC ("Fiber Holdings") was primarily established to develop fiber networks as real estate property for long-term investment. On July 1, 2020, the Company completed the sale of an ownership stake in the entity that controls the Company's Midwest fiber network assets (the "Propco"). Fiber Holdings has a 47.5% ownership in the Propco that is under a long-term, triple net lease with our joint venture partner. Our ownership interest in Fiber Holdings represents approximately a 20% economic interest in the Propco. The Company's current investment and maximum exposure to loss as a result of its involvement with Fiber Holdings, an equity method unconsolidated entity, was approximately $39.3 million as of June 30, 2022. The Company has not provided financial support to Fiber Holdings.

Harmoni

On June 21, 2022, the Company completed the sale of its investment in Harmoni Towers LP ("Harmoni") to Palistar Communications Infrastructure GP LLC, our partner in the investment, for total cash consideration of $32.5 million. As a result of the transaction, during the second quarter of 2022 we recorded a pre-tax gain of $7.9 million within other income (expense), net and $6.7 million of tax expense within income tax expense within our Condensed Consolidated Statements of Income.

Note 6. Fair Value of Financial Instruments

FASB ASC 820, *Fair Value Measurements*, establishes a hierarchy of valuation techniques based on the observability of inputs utilized in measuring assets and liabilities at fair values. This hierarchy establishes market-based or observable inputs as the preferred source of values, followed by valuation models using management assumptions in the absence of market inputs. The three levels of the hierarchy are as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the assessment date;

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Unobservable inputs for the asset or liability.

Our financial instruments consist of cash and cash equivalents, accounts and other receivables, derivative assets and liabilities, our outstanding notes and other debt, settlement payable, contingent consideration and accounts, interest and dividends payable.

The following table summarizes the fair value of our financial instruments at June 30, 2022 and December 31, 2021:

(Thousands)	Total	Quoted Prices in Active Markets (Level 1)	Prices with Other Observable Inputs (Level 2)	Prices with Unobservable Inputs (Level 3)
At June 30, 2022				
Liabilities				
Senior secured notes - 7.875%, due February 15, 2025	$ 2,183,625	$ —	$ 2,183,625	$ —
Senior secured notes - 4.75%, due April 15, 2028	471,695	—	471,695	—
Senior unsecured notes - 6.50% , due February 15, 2029	817,471	—	817,471	—
Senior unsecured notes - 6.00%, due January 15, 2030	491,719	—	491,719	—
Exchangeable senior notes - 4.00%, due June 15, 2024	367,999	—	367,999	—
Senior secured revolving credit facility, variable rate, due December 10, 2024	199,980	—	199,980	—
Settlement payable	211,500	—	211,500	—
Derivative liability, net	4,067	—	4,067	—
Total	$ 4,748,056	$ —	$ 4,748,056	$ —

(Thousands)	Total	Quoted Prices in Active Markets (Level 1)	Prices with Other Observable Inputs (Level 2)	Prices with Unobservable Inputs (Level 3)
At December 31, 2021				
Liabilities				
Senior secured notes - 7.875%, due February 15, 2025	$ 2,351,576	$ —	$ 2,351,576	$ —
Senior secured notes - 4.75%, due April 15, 2028	560,857	—	560,857	—
Senior unsecured notes - 6.50% , due February 15, 2029	1,087,844	—	1,087,844	—
Senior unsecured notes - 6.00%, due January 15, 2030	659,992	—	659,992	—
Exchangeable senior notes - 4.00%, due June 15, 2024	453,104	—	453,104	—
Senior secured revolving credit facility, variable rate, due December 10, 2024	199,980	—	199,980	—
Settlement payable	254,725	—	254,725	—
Derivative liability, net	10,413	—	10,413	—
Total	$ 5,578,491	$ —	$ 5,578,491	$ —

The carrying value of cash and cash equivalents, accounts and other receivables, and accounts, interest and dividends payable approximate fair values due to the short-term nature of these financial instruments.

The total principal balance of our outstanding notes and other debt was $5.18 billion at June 30, 2022, with a fair value of $4.53 billion. The estimated fair value of our outstanding notes and other debt was based on available external pricing data and current market rates for similar debt instruments, among other factors, which are classified as Level 2 inputs within the fair value hierarchy. Derivative assets and liabilities are carried at fair value. See Note 8. The fair value of an interest rate swap is determined based on the present value of expected future cash flows using observable, quoted LIBOR swap rates for the full term of the swap and also incorporate credit valuation adjustments to appropriately reflect both Uniti's own non-performance risk and non-performance risk of the respective counterparties. The Company has determined that the majority of the inputs used to value its derivative assets and liabilities fall within Level 2 of the fair value hierarchy; however, the associated credit valuation adjustments utilized Level 3 inputs, such as estimates of credit spreads, to evaluate the likelihood of default by the Company and its counterparties. As of June 30, 2022, the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustment is not significant to the overall value of the derivatives. As such, the Company classifies its derivative assets and liabilities valuation in Level 2 of the fair value hierarchy.

Given the limited trade activity of the Exchangeable Notes, the fair value of the Exchangeable Notes (see Note 10) is determined based on inputs that are observable in the market and have been classified as Level 2 in the fair value hierarchy. Specifically, we estimated the fair value of the Exchangeable Notes based on readily available external pricing information, quoted market prices, and current market rates for similar convertible debt instruments.

Uniti is required to make $490.1 million of cash payments to Windstream in equal installments over 20 consecutive quarters beginning October 2020 (the "Settlement Payable"). See Note 13. The Settlement Payable was recorded at fair value, using the present value of future cash flows. The future cash flows are discounted using discount rate input based on observable market data. Accordingly, we classify inputs used as Level 2 in the fair value hierarchy. As of June 30, 2022, the remaining Settlement Payable is $245.2 million and is reported on our Condensed Consolidated Balance Sheets. There have been no changes in the valuation methodologies used since the initial recording.

Note 7. Property, Plant and Equipment

The carrying value of property, plant and equipment is as follows:

(Thousands)	Depreciable Lives	June 30, 2022	December 31, 2021
Land	Indefinite	$ 28,693	$ 28,449
Building and improvements	3 - 40 years	360,736	359,980
Poles	30 years	290,624	281,130
Fiber	30 years	4,254,488	4,107,519
Equipment	5 - 7 years	360,376	331,761
Copper	20 years	3,952,978	3,918,281
Conduit	30 years	89,925	89,859
Tower assets	20 years	8,544	8,544
Finance lease assets	(1)	72,680	72,284
Other assets	15 - 20 years	10,833	10,652
Corporate assets	3 - 7 years	14,621	14,326
Construction in progress	(1)	38,471	27,366
		9,482,969	9,250,151
Less accumulated depreciation		(5,867,437)	(5,741,212)
Net property, plant and equipment		$ 3,615,532	$ 3,508,939

(1) See our Annual Report for property, plant and equipment accounting policies.

Depreciation expense for the three and six months ended June 30, 2022 was $64.9 million and $128.9 million, respectively. Depreciation expense for the three and six months ended June 30, 2021 was $64.9 million and $131.1 million, respectively.

Note 8. Derivative Instruments and Hedging Activities

The Company uses derivative instruments to mitigate the effects of interest rate volatility inherent in our variable rate debt, which could unfavorably impact our future earnings and forecasted cash flows. The Company does not use derivative instruments for speculative or trading purposes.

On April 27, 2015, we entered into fixed for floating interest rate swap agreements to mitigate the interest rate risk inherent in our variable rate senior secured term loan B facility. These interest rate swaps were designated as cash flow hedges and have a notional value of $2.0 billion and mature on October 24, 2022. As a result of the repayment of the Company's senior secured term loan B facility in February 2020, the Company entered into receive-fixed interest rate swaps to offset its existing pay-fixed interest rate swaps. As a result, the Company discontinued hedge accounting as the hedge accounting requirements were no longer met. Amounts in accumulated other comprehensive loss as of the date of de-designation will be reclassified to interest expense as the hedged transactions impact earnings. Prospectively, changes in fair value of all interest rate swaps will be recorded directly to earnings.

The Company has elected to offset derivative positions that are subject to master netting arrangements with the same counterparty in our Condensed Consolidated Balance Sheets. The following tables present the gross amounts of our derivative instruments subject to master netting arrangements with the same counterparty as of June 30, 2022 and December 31, 2021:

Offsetting of Derivative Assets and Liabilities (Thousands)	Gross Amounts of Recognized Assets or Liabilities	Gross Amounts Offset in the Condensed Consolidated Balance Sheets	Net Amounts of Assets or Liabilities presented in the Condensed Consolidated Balance Sheets
At June 30, 2022			
Assets			
Interest rate swaps	$ 1,310	$ (1,310)	$ —
Total	$ 1,310	$ (1,310)	$ —
Liabilities			
Interest rate swaps	$ 5,377	$ (1,310)	$ 4,067
Total	$ 5,377	$ (1,310)	$ 4,067

Offsetting of Derivative Assets and Liabilities (Thousands)	Gross Amounts of Recognized Assets or Liabilities	Gross Amounts Offset in the Condensed Consolidated Balance Sheets	Net Amounts of Assets or Liabilities presented in the Condensed Consolidated Balance Sheets
At December 31, 2021			
Assets			
Interest rate swaps	$ 10,788	$ (10,788)	$ —
Total	$ 10,788	$ (10,788)	$ —
Liabilities			
Interest rate swaps	$ 21,201	$ (10,788)	$ 10,413
Total	$ 21,201	$ (10,788)	$ 10,413

The following table summarizes the fair value and the presentation in our Condensed Consolidated Balance Sheets:

(Thousands)	Location on Condensed Consolidated Balance Sheets	June 30, 2022	December 31, 2021
Interest rate swaps	Derivative liability, net	$ 4,067	$ 10,413

As of June 30, 2022, the interest rate swaps were valued in net unrealized loss positions and recognized as liability balances within derivative liability, net in our Condensed Consolidated Balance Sheets. As hedge accounting is no longer applied beginning in February 2020, the unrealized loss amounts are now being recorded directly to earnings. The amount reclassified out of other comprehensive income into interest expense on our Condensed Consolidated Statements of Income for the three and six months ended June 30, 2022 was $2.8 million and $5.7 million, respectively. The amount reclassified out of other comprehensive income into interest expense on our Condensed Consolidated Statements of Income for the three and six months ended June 30, 2021 was $2.8 million and $5.7 million, respectively.

During the next twelve months, beginning July 1, 2022, we estimate that $3.6 million will be reclassified as an increase to interest expense.

Exchangeable Notes Hedge Transactions

On June 25, 2019, concurrently with the pricing of the Exchangeable Notes, and on June 27, 2019, concurrently with the exercise by the initial purchasers involved in the offering of the Exchangeable Notes (the “Initial Purchasers”) of their option to purchase additional Exchangeable Notes, Uniti Fiber Holdings Inc., the issuer of the Exchangeable Notes, entered into exchangeable note hedge transactions with respect to the Company’s common stock (the “Note Hedge Transactions”) with certain of the Initial Purchasers or their respective affiliates (collectively, the “Counterparties”). The Note Hedge Transactions cover, subject to anti-dilution adjustments substantially similar to those applicable to the Exchangeable Notes, the same number of shares of the Company’s common stock that initially underlie the Exchangeable Notes in the aggregate and are exercisable upon exchange of the Exchangeable Notes. The Note Hedge Transactions have an initial strike price that corresponds to the initial exchange price of the Exchangeable Notes, subject to anti-dilution adjustments substantially similar to those applicable to the Exchangeable Notes. The Note Hedge Transactions will expire upon the maturity of the Exchangeable Notes, if not earlier exercised. The Note Hedge Transactions are intended to reduce potential dilution to the Company’s common stock upon any exchange of the Exchangeable Notes and/or offset any cash payments Uniti Fiber is required to make in excess of the principal amount of exchanged Exchangeable Notes, as the case may be, in the event that the market value per share of the Company’s common stock, as measured under the Note Hedge Transactions, at the time of exercise is greater than the strike price of the Note Hedge Transactions.

The Note Hedge Transactions are separate transactions, entered into by Uniti Fiber Holdings Inc. with the Counterparties, and are not part of the terms of the Exchangeable Notes. Holders of the Exchangeable Notes will not have any rights with respect to the Note Hedge Transactions. The Note Hedge Transactions meet certain accounting criteria under GAAP, are recorded in additional paid-in capital on our Condensed Consolidated Balance Sheets and are not accounted for as derivatives that are remeasured each reporting period.

Warrant Transactions

On June 25, 2019, concurrently with the pricing of the Exchangeable Notes, and on June 27, 2019 concurrently with the exercise by the Initial Purchasers of their option to purchase additional Exchangeable Notes, the Company entered into warrant transactions to sell to the Counterparties Warrants (the “Warrants”) to acquire, subject to anti-dilution adjustments, up to approximately 27.8 million shares of the Company’s common stock in the aggregate at an exercise price of approximately $16.42 per share. The maximum number of shares of the Company’s common stock that could be issued pursuant to the Warrants is approximately 55.5 million. The Company offered and sold the Warrants in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended. If the market value per share of the Company’s common stock, as measured under the Warrants, at the time of exercise exceeds the strike price of the Warrants, the Warrants will have a dilutive effect on the Company’s common stock unless, subject to the terms of the Warrants, the Company elects to cash settle the Warrants. The Warrants will expire over a period beginning in September 2024.

The Warrants are separate transactions, entered into by the Company with the Counterparties, and are not part of the terms of the Exchangeable Notes. Holders of the Exchangeable Notes will not have any rights with respect to the Warrants. The Warrants meet certain accounting criteria under GAAP, are recorded in additional paid-in capital on our Condensed Consolidated Balance Sheets and are not accounted for as derivatives that are remeasured each reporting period.

Note 9. Goodwill and Intangible Assets and Liabilities

There were no changes in the carrying amount of goodwill during the three and six months ended June 30, 2022. The balance of goodwill recorded in our Fiber Infrastructure segment as of June 30, 2022 and December 31, 2021 is as follows:

(Thousands)	Fiber Infrastructure	Total
Goodwill at December 31, 2021	$ 601,878	$ 601,878
Goodwill at June 30, 2022	$ 601,878	$ 601,878

(Thousands)	June 30, 2022		December 31, 2021	
	Original Cost	Accumulated Amortization	Original Cost	Accumulated Amortization
Finite life intangible assets:				
Customer lists	$ 416,104	$ (117,296)	$ 416,104	$ (105,861)
Contracts	52,536	(11,492)	52,536	(8,209)
Underlying Rights	10,497	(612)	10,497	(437)
Total intangible assets	$ 479,137		$ 479,137	
Less: accumulated amortization	(129,400)		(114,507)	
Total intangible assets, net	$ 349,737		$ 364,630	
Finite life intangible liabilities:				
Below-market leases	$ 191,154	(18,715)	$ 191,154	(13,368)
Finite life intangible liabilities:				
Below-market leases	$ 191,154		$ 191,154	
Less: accumulated amortization	(18,715)		(13,368)	
Total intangible liabilities, net	$ 172,439		$ 177,786	

As of June 30, 2022, the remaining weighted average amortization period of the Company’s intangible assets was 14.6 years.

Amortization expense for the three and six months ended June 30, 2022 was $7.4 million and $14.8 million, respectively. Amortization expense for the three and six months ended June 30, 2021 was $4.7 million and $9.5 million, respectively. Amortization expense is estimated to be $29.8 million for the full year of 2022, $29.8 million in 2023, $29.7 million in 2024, $29.7 million in 2025, and $29.7 million for 2026.

We recognize the amortization of below-market leases in revenue. Revenue related to the amortization of the below-market leases for the three and six months ended June 30, 2022 was $2.6 million and $5.3 million. During the three and six months ended June 30, 2021, $2.6 million and $5.3 million was recorded as a benefit to amortization expense, and subsequently reclassified these amounts to revenue during the fourth quarter of 2021. As of June 30, 2022, the remaining weighted average amortization period of the Company’s intangible liabilities was 17.4 years. Revenue due to the amortization of the below-market leases is estimated to be $10.7 million for the full year of 2022, $10.7 million in 2023, $10.7 million in 2024, $10.7 million in 2025, and $10.7 million in 2026.

Note 10. Notes and Other Debt

All debt, including the senior secured credit facility and notes described below, are obligations of the Operating Partnership and/or certain of its subsidiaries as discussed below. The Company is, however, a guarantor of such debt.

Notes and other debt are as follows:

(Thousands)	June 30, 2022	December 31, 2021
Principal amount	$ 5,175,000	$ 5,175,000
Less unamortized discount, premium and debt issuance costs	(75,218)	(84,463)
Notes and other debt less unamortized discount, premium and debt issuance costs	$ 5,099,782	$ 5,090,537

Notes and other debt at June 30, 2022 and December 31, 2021 consisted of the following:

	June 30, 2022		December 31, 2021	
(Thousands)	Principal	Unamortized Discount, Premium and Debt Issuance Costs	Principal	Unamortized Discount, Premium and Debt Issuance Costs
Senior secured notes - 7.875%, due February 15, 2025 (discount is based on imputed interest rate of 8.38%)	$ 2,250,000	$ (26,922)	$ 2,250,000	$ (31,411)
Senior secured notes - 4.75%, due April 15, 2028 (discount is based on imputed interest rate of 5.04%)	570,000	(8,278)	570,000	(8,886)
Senior unsecured notes - 4.00%, due June 15, 2024 (discount is based on imputed interest rate of 4.77%)	345,000	(4,986)	345,000	(6,187)
Senior unsecured notes - 6.50%, due February 15, 2029 (discount is based on imputed interest rate of 6.83%)	1,110,000	(19,425)	1,110,000	(20,797)
Senior unsecured notes - 6.00% due January 15, 2030 (discount is based on imputed interest rate of 6.27%)	700,000	(11,121)	700,000	(11,689)
Senior secured revolving credit facility, variable rate, due December 10, 2024	200,000	(4,486)	200,000	(5,493)
Total	$ 5,175,000	$ (75,218)	$ 5,175,000	$ (84,463)

At June 30, 2022, notes and other debt included the following: (i) $200.0 million under the Revolving Credit Facility (as defined below) pursuant to the credit agreement by and among Uniti Group LP, Uniti Group Finance 2019 Inc. and CSL Capital, LLC (the “Borrowers”), the guarantors and lenders party thereto and Bank of America, N.A., as administrative agent and collateral agent (the “Credit Agreement”); (ii) $2.25 billion aggregate principal amount of 7.875% Senior Secured Notes due 2025 (the “2025 Secured Notes”); (iii) $570.0 million aggregate principal amount of 4.75% Senior Secured Notes due 2028 (the “2028 Secured Notes”); (iv) $1.11 billion aggregate principal amount of 6.50% Senior Notes due February 15, 2029 (the “2029 Notes”); and (v) $345.0 million aggregate principal amount of 4.00% Exchangeable Senior Notes due June 15, 2024 (the “Exchangeable Notes”); and (vi) $700.0 million aggregate principal amount of 6.00% Senior Unsecured Notes due January 15, 2030 (the “2030 Notes” and collectively with the 2025 Secured Notes, the 2028 Secured Notes, the 2029 Notes and the Exchangeable Notes, the “Notes”). The terms of the Notes are as described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021.

We have achieved a consolidated net leverage ratio as defined in the indenture governing the 2025 Secured Notes below 5.75 to 1.0 and, therefore, the covenant reversion date (as defined in the 2025 Secured Notes indenture) has occurred. As a result, the restriction imposed by our 2025 Secured Notes from paying cash dividends in excess of 90% of our REIT taxable income has been lifted.

Credit Agreement

The Borrowers are party to the Credit Agreement, which provides for a $500 million revolving credit facility that will mature on December 10, 2024 (the “Revolving Credit Facility”) and provides us with the ability to obtain revolving loans as well as swingline loans and letters of credit from time to time. All obligations under the Credit Agreement are guaranteed by (i) the Company and (ii) certain of the Operating Partnership’s subsidiaries (the “Subsidiary Guarantors”) and are secured by substantially all of the assets of the Borrowers and the Subsidiary Guarantors.

The Borrowers are subject to customary covenants under the Credit Agreement, including an obligation to maintain a consolidated secured leverage ratio, as defined in the Credit Agreement, not to exceed 5.00 to 1.00. We are permitted, subject to customary conditions, to incur other indebtedness, so long as, on a pro forma basis after giving effect to any such indebtedness, our consolidated total leverage ratio, as defined in the Credit Agreement, does not exceed 6.50 to 1.00 and, if such debt is secured, our consolidated secured leverage ratio, as defined in the Credit Agreement, does not exceed 4.00 to 1.00. In addition, the Credit Agreement contains customary events of default, including a cross default provision whereby the failure of the Borrowers or certain of their subsidiaries to make payments under other debt obligations, or the occurrence of certain events affecting those other borrowing arrangements, could trigger an obligation to repay any amounts outstanding under the Credit Agreement. In particular, a repayment obligation could be triggered if (i) the Borrowers or certain of their subsidiaries fail to make a payment when due of any principal or interest on any other indebtedness aggregating $75.0 million or more, or (ii) an event occurs that causes, or would permit the holders of any other indebtedness aggregating $75.0 million or more to cause, such indebtedness to become due prior to its stated maturity. As of June 30, 2022, the Borrowers were in compliance with all of the covenants under the Credit Agreement.

A termination of either Windstream Lease would result in an “event of default” under the Credit Agreement if a replacement lease is not entered into within ninety (90) calendar days and we do not maintain pro forma compliance with a consolidated secured leverage ratio, as defined in the Credit Agreement, of 5.00 to 1.00.

Borrowings under the Revolving Credit Facility bear interest at a rate equal to either a base rate plus an applicable margin ranging from 2.75% to 3.50% or a eurodollar rate plus an applicable margin ranging from 3.75% to 4.50% in each case, calculated in a customary manner and determined based on our consolidated secured leverage ratio. We are required to pay a quarterly commitment fee under the Revolving Credit Facility equal to 0.50% of the average amount of unused commitments during the applicable quarter (subject to a step-down to 0.40% per annum of the average amount of unused commitments during the applicable quarter upon achievement of a consolidated secured leverage ratio not to exceed a certain level), as well as quarterly letter of credit fees equal to the product of (A) the applicable margin with respect to eurodollar borrowings and (B) the average amount available to be drawn under outstanding letters of credit during such quarter.

Deferred Financing Cost

Deferred financing costs were incurred in connection with the issuance of the Notes and the Revolving Credit Facility. These costs are amortized using the effective interest method over the term of the related indebtedness and are included in interest expense in our Condensed Consolidated Statements of Income. For the three and six months ended June 30, 2022, we recognized $4.3 million and $8.6 million, respectively, of non-cash interest expense related to the amortization of deferred financing costs. For the three and six months ended June 30, 2021, we recognized $4.1 million and $8.2 million, respectively, of non-cash interest expense related to the amortization of deferred financing costs.

Note 11. Earnings Per Share

Our time-based restricted stock awards are considered participating securities as they receive non-forfeitable rights to dividends at the same rate as common stock. As participating securities, we included these instruments in the computation of earnings per share under the two-class method described in FASB ASC 260, *Earnings per Share* (“ASC 260”).

We also have outstanding performance-based restricted stock units that contain forfeitable rights to receive dividends. Therefore, the awards are considered non-participating restrictive shares and are not dilutive under the two-class method until performance conditions are met.

The dilutive effect of the Exchangeable Notes is calculated by using the “if-converted” method. This assumes an add-back of interest, net of income taxes, to net income attributable to shareholders as if the securities were converted at the beginning of the reporting period (or at time of issuance, if later) and the resulting common shares included in number of weighted average shares. The dilutive effect of the Warrants (see Note 8) is calculated using the treasury-stock method. During the three and six months ended June 30, 2022 and 2021, the Warrants were excluded from diluted shares outstanding because the exercise price exceeded the average market price of our common stock for the reporting period.

The following sets forth the computation of basic and diluted earnings per share under the two-class method:

(Thousands, except per share data)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Basic earnings per share:				
Numerator:				
Net income attributable to shareholders	$ 53,697	$ 48,907	$ 106,427	$ 44,469
Less: Income allocated to participating securities	(340)	(333)	(671)	(581)
Dividends declared on convertible preferred stock	(5)	(2)	(10)	(5)
Net income attributable to common shares	$ 53,352	$ 48,572	$ 105,746	$ 43,883
Denominator:				
Basic weighted-average common shares outstanding	235,656	231,801	235,352	231,636
Basic earnings per common share	$ 0.23	$ 0.21	$ 0.45	$ 0.19

(Thousands, except per share data)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Diluted earnings per share:				
Numerator:				
Net income attributable to shareholders	$ 53,697	$ 48,907	$ 106,427	$ 44,469
Less: Income allocated to participating securities	(340)	(333)	(671)	(581)
Dividends declared on convertible preferred stock	(5)	(2)	(10)	(5)
Impact on if-converted dilutive securities	3,000	2,974	5,994	—
Net income attributable to common shares	$ 56,352	$ 51,546	$ 111,740	$ 43,883
Denominator:				
Basic weighted-average common shares outstanding	235,656	231,801	235,352	231,636
Effect of dilutive non-participating securities	359	135	347	226
Impact on if-converted dilutive securities	31,346	30,332	31,346	—
Weighted-average shares for dilutive earnings per common share	267,361	262,268	267,045	231,862
Dilutive earnings per common share	$ 0.21	$ 0.20	$ 0.42	$ 0.19

For the three and six months ended June 30, 2022, 603,575 non-participating securities were excluded from the computation of earnings per share, as their performance metrics were not met. For the six months ended June 30, 2021, 30,332,262 potential common shares related to the Exchangeable Notes were excluded from the computation of earnings per share, as their effect would have been anti-dilutive.

Note 12. Segment Information

Our management, including our chief executive officer, who is our chief operating decision maker, manages our operations as two reportable segments, in addition to our corporate operations, which include:

Leasing: Represents the operations of our leasing business, Uniti Leasing, which is engaged in the acquisition and construction of mission-critical communications assets and leasing them to anchor customers on either an exclusive or shared-tenant basis, in addition to the leasing of dark fiber on our existing dark fiber network assets that we either constructed or acquired. While the Leasing segment represents our REIT operations, certain aspects of the Leasing segment are also operated through taxable REIT subsidiaries.

Fiber Infrastructure: Represents the operations of our fiber business, Uniti Fiber, which is a leading provider of infrastructure solutions, including cell site backhaul and dark fiber, to the telecommunications industry.

Corporate: Represents our corporate office and shared service functions. Certain costs and expenses, primarily related to headcount, insurance, professional fees and similar charges, that are directly attributable to operations of our business segments are allocated to the respective segments.

Management evaluates the performance of each segment using Adjusted EBITDA, which is a segment performance measure we define as net income determined in accordance with GAAP, before interest expense, provision for income taxes, depreciation and amortization, stock-based compensation expense and the impact, which may be recurring in nature, of transaction and integration related costs, costs associated with Windstream's bankruptcy, costs associated with litigation claims made against us, costs associated with the implementation of our enterprise resource planning system, executive severance costs, costs related to the settlement with Windstream, amortization of non-cash rights-of-use assets, the write off of unamortized deferred financing costs, costs incurred as a result of the early repayment of debt, including early tender and redemption premiums and costs associated with the termination of related hedging activities, gains or losses on dispositions, changes in the fair value of contingent consideration and financial instruments, and other similar or infrequent items (although we may not have had such charges in the periods presented). Adjusted EBITDA includes adjustments to reflect the Company's share of Adjusted EBITDA from unconsolidated entities. The Company believes that net income, as defined by GAAP, is the most appropriate earnings metric; however, we believe that Adjusted EBITDA serves as a useful supplement to net income because it allows investors, analysts and management to evaluate the performance of our segments in a manner that is comparable period over period. Adjusted EBITDA should not be considered as an alternative to net income as determined in accordance with GAAP.

Selected financial data related to our segments is presented below for the three and six months ended June 30, 2022 and 2021:

	Three Months Ended June 30, 2022			
(Thousands)	Leasing	Fiber Infrastructure	Corporate	Subtotal of Reportable Segments
Revenues	$ 205,614	78,361	$ —	$ 283,975
Adjusted EBITDA	$ 200,349	33,583	(6,768)	$ 227,164
Less:				
Interest expense				96,377
Depreciation and amortization	42,513	29,753	37	72,303
Transaction related and other costs				3,235
Gain on sale of real estate				(250)
Other, net				(7,495)
Stock-based compensation				3,201
Income tax expense				4,944
Adjustments for equity in earnings from unconsolidated entities				1,075
Net income				$ 53,774

	Three Months Ended June 30, 2021			
(Thousands)	Leasing	Fiber Infrastructure	Corporate	Subtotal of Reportable Segments
Revenues	$ 196,057	$ 72,123	$ —	$ 268,180
Adjusted EBITDA	$ 192,137	$ 29,439	$ (5,842)	$ 215,734
Less:				
Interest expense				106,388
Depreciation and amortization	40,474	29,132	65	69,671
Transaction related and other costs				424
Gain on sale of real estate				(442)
Gain on sale of operations				(28,143)
Other, net				8,779
Stock-based compensation				3,462
Income tax expense				5,084
Adjustments for equity in earnings from unconsolidated entities				872
Net income				$ 49,639

(Thousands)	Six Months Ended June 30, 2022 Leasing	Fiber Infrastructure	Corporate	Subtotal of Reportable Segments
Revenues	410,255	151,754	$ —	$ 562,009
Adjusted EBITDA	399,322	65,042	(12,411)	$ 451,953
Less:				
Interest expense				192,549
Depreciation and amortization	84,616	59,071	73	143,760
Transaction related and other costs				4,949
Gain on sale of real estate				(250)
Other, net				(7,134)
Stock-based compensation				6,513
Income tax expense				2,873
Adjustments for equity in earnings from unconsolidated entities				2,061
Net income				$ 106,632

(Thousands)	Six Months Ended June 30, 2021 Leasing	Fiber Infrastructure	Corporate	Subtotal of Reportable Segments
Revenues	$ 390,993	$ 149,773	$ —	$ 540,766
Adjusted EBITDA	$ 383,634	$ 59,160	$ (12,812)	$ 429,982
Less:				
Interest expense				246,969
Depreciation and amortization	82,700	57,802	133	140,635
Transaction related and other costs				4,561
Gain on sale of real estate				(442)
Gain on sale of operations				(28,143)
Other, net				10,097
Stock-based compensation				6,797
Income tax expense				2,527
Adjustments for equity in earnings from unconsolidated entities				1,844
Net income				$ 45,137

Note 13. Commitments and Contingencies

In the ordinary course of our business, we are subject to claims and administrative proceedings, none of which we believe are material or would be expected to have, individually or in the aggregate, a material adverse effect on our business, financial condition, cash flows or results of operations.

Windstream Commitments

Following the consummation of our settlement agreement with Windstream, including entry into the Windstream Leases, we are obligated to make $490.1 million of cash payments to Windstream in equal installments over 20 consecutive quarters beginning in October 2020, and Uniti may prepay any installments due on or after the first anniversary of the settlement agreement (discounted at a 9% rate). On October 14, 2021, the Company prepaid four installments for a total of $92.9 million. As of June 30, 2022, the Company has made payments totaling $215.4 million.

Further, we are obligated to reimburse Windstream for up to an aggregate of $1.75 billion for certain growth capital improvements in long-term fiber and related assets made by Windstream ("Growth Capital Improvements") through 2029. Uniti's reimbursement commitment for Growth Capital Improvements does not require Uniti to reimburse Windstream for maintenance or repair expenditures (except for costs incurred for fiber replacements to the property leased under the competitive local exchange carrier master lease agreement, up to $70 million during the term), and each such reimbursement is subject to underwriting standards. Uniti's total annual reimbursement commitments for the Growth Capital Improvements under both Windstream Leases (and under separate equipment loan facilities) were limited to $125 million in 2020, $225 million in 2021, and are limited to $225 million per year in 2022 through 2024; $175 million per year in 2025 and 2026; and $125 million per year in 2027 through 2029. If the cost incurred by Windstream (or the successor tenant under a Windstream Lease) for Growth Capital Improvements in any calendar year exceeds the annual limit for such calendar year, Windstream (or such tenant, as the case may be) may submit such excess costs for reimbursement in any subsequent year and such excess costs shall be funded from the annual commitment amounts in such subsequent period. In addition, to the extent that reimbursements for Growth Capital Improvements funded in any calendar year during the term is less than the annual limit for such calendar year, the unfunded amount in any calendar year will carry-over and may be added to the annual limits for subsequent calendar years, subject to an annual limit of $250 million in any calendar year. During the six months ended June 30, 2022, Uniti reimbursed $91.7 million of Growth Capital Improvements, of which $29.4 million represented the reimbursement of capital improvements completed in 2021 that were previously classified as tenant funded capital improvements. Upon reimbursement, the Company reduced the unamortized portion of deferred revenue related to these capital improvements and capitalized the difference between the cash provided to Windstream and the unamortized deferred revenue as a lease incentive. This lease incentive, which is $0.8 million and reported within other assets on our Condensed Consolidated Balance Sheets as of June 30, 2022, will be amortized as a reduction to revenue over the initial term of the Windstream Leases.

Starting on the first anniversary of each installment of reimbursement for a Growth Capital Improvement, the rent payable by Windstream under the applicable Windstream Lease will increase by an amount equal to 8.0% (the "Rent Rate") of such installment of reimbursement. The Rent Rate will thereafter increase to 100.5% of the prior Rent Rate on each anniversary of each reimbursement. In the event that the tenant's interest in either Windstream Lease is transferred by Windstream under the terms thereof (unless transferred to the same transferee), or if Uniti transfers its interests as landlord under either Windstream Lease (unless to the same transferee), the reimbursement rights and obligations will be allocated between the ILEC MLA and the CLEC MLA by Windstream, provided that the maximum that may be allocated to the CLEC MLA following such transfer is $20 million per year. If Uniti fails to reimburse any Growth Capital Improvement reimbursement payment or equipment loan funding request as and when it is required to do so under the terms of the Windstream Leases, and such failure continues for thirty (30) days, then such unreimbursed amounts may be applied as an offset against the rent owed by Windstream under the Windstream Leases (and such amounts will thereafter be treated as if Uniti had reimbursed them).

Uniti and Windstream have entered into separate ILEC and CLEC Equipment Loan and Security Agreements (collectively "Equipment Loan Agreement") in which Uniti will provide up to $125 million (limited to $25 million in any calendar year) of the $1.75 billion of Growth Capital Improvements commitments discussed above in the form of loans for Windstream to purchase equipment related to network upgrades or to be used in connection with the Windstream Leases. Interest on these loans will accrue at 8% from the date of the borrowing. All equipment financed through the Equipment Loan Agreement is the sole property of Windstream; however, Uniti will receive a first-lien security interest in the equipment purchased with the loans.

Other Litigation

On July 3, 2019, SLF Holdings, LLC ("SLF") filed a complaint against the Company, Uniti Fiber, and certain current and former officers of the Company (collectively, the "Defendants") in the United States District Court for the Southern District of Alabama, in connection with Uniti Fiber's purchase of Southern Light, LLC from SLF in July 2017. The complaint asserted claims for fraud and conspiracy, as well as claims under federal and Alabama securities laws, alleging that Defendants improperly failed to disclose to SLF the risk that the Spin-Off and entry into the Master Lease violated certain debt covenants of Windstream. On September 26, 2019, the action was transferred to United States District Court for the District of Delaware. On November 18, 2019, SLF filed an amended complaint, adding allegations that Defendants also failed to fully disclose the risk that the Master Lease purportedly could be recharacterized as a financing instead of a "true lease." The amended complaint seeks compensatory and punitive damages, as well as reformation of the purchase agreement for the sale. On December 18, 2019, Defendants moved to dismiss the amended complaint in its entirety. That motion was fully briefed as of February 7, 2020, and a hearing on the motion was heard on May 12, 2020. On November 4, 2020, the court granted the Defendants' motion and dismissed SLF's amended complaint, in its entirety, with prejudice. On

December 1, 2020, SLF filed a notice of appeal to the United States Court of Appeals for the Third Circuit from the district court's dismissal order. The appeal was fully briefed on September 10, 2021. We have evaluated this matter under the guidance provided by ASC 450, *Contingencies* ("ASC 450"), and as of the date of this Quarterly Report on Form 10-Q, we consider a loss not to be probable and are unable to estimate a reasonably possible range of loss; therefore, we have not recorded any liabilities associated with these claims in our Condensed Consolidated Balance Sheets.

Beginning on October 25, 2019, several purported shareholders filed separate putative class actions in the U.S. District Court for the Eastern District of Arkansas against the Company and certain of our officers, alleging violations of the federal securities laws based on claims similar to those asserted in the SLF Action. On March 12, 2020, the U.S. District Court for the Eastern District of Arkansas consolidated the Shareholder Actions and appointed lead plaintiffs and lead counsel in the consolidated cases under the caption *In re Uniti Group Inc. Securities Litigation* (the "Class Action"). On May 11, 2020, lead plaintiffs filed a consolidated amended complaint in the Class Action. The consolidated amended complaint seeks to represent investors who acquired the Company's securities between April 20, 2015 and February 15, 2019. The Class Action asserts claims under Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder, alleging that the Company made materially false and misleading statements by allegedly failing to disclose, among other things, the risk that the Spin-Off and entry into the Master Lease violated certain debt covenants of Windstream and/or the risk that the Master Lease purportedly could be recharacterized as a financing instead of a "true lease." The Class Action seeks class certification, unspecified monetary damages, costs and attorneys' fees and other relief. On July 10, 2020, defendants moved to dismiss the consolidated amended complaint. On April 1, 2021, the court issued an order denying defendants' motion to dismiss. On April 15, 2021, defendants filed a motion for reconsideration of the order or, in the alternative, for certification of an appeal of the decision to the Eighth Circuit. On October 25, 2021, plaintiffs filed a motion for class certification, which defendants opposed. On December 22, 2021, the court issued an order denying defendants' motion for reconsideration or, in the alternative, certification of an appeal. On March 25, 2022, the parties reached an agreement to settle the Class Action, on behalf of a settlement class, for $38.9 million, to be funded entirely by the Company's insurance carriers. On June 17, 2022, the parties signed a stipulation of settlement and plaintiffs moved for preliminary approval of the settlement. The settlement remains subject to notice to the settlement class and court approval. In accordance with ASC 450, we recorded $38.9 million of settlement expense within general and administrative expense within our Condensed Consolidated Statements of Income during the first quarter of 2022 and accounts payable, accrued expenses and other liabilities, net within our Condensed Consolidated Balance Sheets as of June 30, 2022. Additionally, we recorded the probable insurance recovery of $38.9 million as a reduction to general and administrative expense during the first quarter of 2022 within our Condensed Consolidated Statements of Income, and other assets within Condensed Consolidated Balance Sheets as of June 30, 2022.

On August 17, 2021, two purported shareholders filed a derivative action on behalf of Uniti in the Circuit Court for Baltimore City, Maryland, under the caption Mayer et al. v. Gunderman et al., 24-C-21-003488 (the "Mayer Derivative Action"). The Mayer Derivative Action names Kenneth Gunderman and Mark Wallace as defendants and the Company as a nominal defendant and asserts claims for breach of fiduciary duty and unjust enrichment. The complaint alleges that the individual defendants caused the Company to issue certain false and misleading statements relating to the Spin-Off and/or the Master Lease. In particular, as in the Shareholder Actions, the complaint alleges, among other things, that defendants failed to disclose the risk that the Spin-Off and entry into the Master Lease violated certain debt covenants of Windstream and/or the risk that the Master Lease purportedly could be recharacterized as a financing instead of a "true lease." The complaint seeks unspecified damages, unspecified equitable relief, and related costs and fees. On December 23, 2021, the court entered a joint stipulation to stay the Mayer Derivative Action, including the time for the defendants to respond to the complaint, pending the outcome of the Class Action. Because this matter is still in its preliminary stages, we have not yet determined what effect this lawsuit will have, if any, on our financial position or results of operations. We have evaluated this matter under the guidance provided by ASC 450, and as of the date of this Quarterly Report on Form 10-Q, we consider a loss not to be probable and are unable to estimate a reasonably possible range of loss; therefore, we have not recorded any liabilities associated with these claims in our Condensed Consolidated Balance Sheets.

On February 11, 2022, a purported shareholder filed a derivative action on behalf of Uniti in the federal District Court for the District of Maryland, under the caption *Guzzo et al. v. Gunderman et al*., 1:22-cv-00366-GLR (the "Guzzo Derivative Action"). The complaint names Kenneth Gunderman, Mark Wallace, Francis Frantz, David Solomon, Jennifer Banner, and Scott Bruce as defendants and the Company as a nominal defendant and asserts claims for contribution against Gunderman and Wallace if the Company is found to be liable for violations of the federal securities laws in the Class Action and claims against all the individual defendants for breaches of fiduciary duty, waste of corporate assets, and unjust enrichment. The allegations in the Guzzo Derivative Action are similar to those in the Mayer Derivative Action and the Class Action. The complaint seeks unspecified damages, equitable relief, and related costs and fees. On March 16, 2022, the court entered a joint stipulation to stay the Guzzo Derivative Action, including the time for the defendants to respond to the complaint, pending the outcome of the Class Action. We intend to defend this matter vigorously, and, because it is still in its relatively early stages, we have not yet determined what effect this lawsuit will have, if any, on our financial position or results of operations.

We maintain insurance policies that would provide coverage to various degrees for potential liabilities arising from the legal proceedings described above.

Under the terms of the tax matters agreement entered into on April 24, 2015 by the Company, Windstream Services, LLC and Windstream (the "Tax Matters Agreement"), in connection with the Spin-Off, we are generally responsible for any taxes imposed on Windstream that arise from the failure of the Spin-Off and the debt exchanges to qualify as tax-free for U.S. federal income tax purposes, within the meaning of Section 355 and Section 368(a)(1)(D) of the Code, as applicable, to the extent such failure to qualify is attributable to certain actions, events or transactions relating to our stock, indebtedness, assets or business, or a breach of the relevant representations or any covenants made by us in the Tax Matters Agreement, the materials submitted to the IRS in connection with the request for the private letter ruling or the representations provided in connection with the tax opinion. We believe that the probability of us incurring obligations under the Tax Matters Agreement are remote; and therefore, we have recorded no such liabilities in our Condensed Consolidated Balance Sheets as of June 30, 2022.

Note 14. Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive loss by component is as follows for the three and six months ended June 30, 2022 and 2021:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Thousands)	2022	2021	2022	2021
Cash flow hedge changes in fair value:				
Balance at beginning of period attributable to shareholders	$ (30,353)	$ (30,353)	$ (30,353)	$ (30,353)
Balance at end of period attributable to shareholders	(30,353)	(30,353)	(30,353)	(30,353)
Interest rate swap termination:				
Balance at beginning of period attributable to shareholders	24,012	12,773	21,189	9,986
Amounts reclassified from accumulated other comprehensive income	2,829	2,829	5,659	5,658
Balance at end of period	26,841	15,602	26,848	15,644
Less: Other comprehensive income attributable to noncontrolling interest	$ 4	41	11	83
Balance at end of period attributable to shareholders	26,837	15,561	26,837	15,561
Accumulated other comprehensive loss at end of period	$ (3,516)	$ (14,792)	$ (3,516)	$ (14,792)

Note 15. Capital Stock

The limited partner equity interests in our operating partnership (commonly called "OP Units"), are exchangeable on a one-for-one basis for shares of our common stock or, at our election, cash of equivalent value. During the three months ended June 30, 2022, the Company exchanged 433,617 OP Units held by third parties, of which 86,949 OP Units were exchanged for an equal number of common shares of the Company and 346,667 OP Units were exchanged for cash consideration of $4.6 million , representing approximately 80% of the OP Units held by third parties with a carrying value of $8.7 million as of the exchange dates. During the six months ended June 30, 2022, the Company exchanged 591,349 OP Units held by third parties, of which 244,683 OP Units were exchanged for an equal number of common shares of the Company and 346,667 OP Units were exchanged for cash consideration of $4.6 million, representing approximately 85% of the OP Units held by third parties with a carrying value of $11.9 million as of the exchange dates.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following management's discussion and analysis of financial condition and results of operations describes the principal factors affecting the results of our operations, financial condition, and changes in financial condition for the three and six months ended June 30, 2022. This discussion should be read in conjunction with the accompanying Condensed Consolidated Financial Statements, and the notes thereto set forth in Part I, Item 1 of this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission ("SEC") on February 25, 2022, as amended by Amendment No. 1 thereto filed on Form 10-K/A with the SEC on March 22, 2022 (the "Annual Report").

Overview

Company Description

Uniti Group Inc. (the "Company", "Uniti", "we", "us" or "our") is an independent, internally managed real estate investment trust ("REIT") engaged in the acquisition and construction of mission critical infrastructure in the communications industry. We are principally focused on acquiring and constructing fiber optic, copper and coaxial broadband networks and data centers.

On April 24, 2015, we were separated and spun-off (the "Spin-Off") from Windstream Holdings, Inc. ("Windstream Holdings" and together with Windstream Holdings II, LLC, its successor in interest, and its subsidiaries, "Windstream") pursuant to which Windstream contributed certain telecommunications network assets, including fiber and copper networks and other real estate (the "Distribution Systems") and a small consumer competitive local exchange carrier ("CLEC") business (the "Consumer CLEC Business") to Uniti and Uniti issued common stock and indebtedness and paid cash obtained from borrowings under Uniti's senior credit facilities to Windstream. In connection with the Spin-Off, we entered into a long-term exclusive triple-net lease (the "Master Lease") with Windstream, pursuant to which a substantial portion of our real property is leased to Windstream and from which a substantial portion of our leasing revenues are currently derived. In connection with Windstream's emergence from bankruptcy, Uniti and Windstream bifurcated the Master Lease and entered into two structurally similar master leases (collectively, the "Windstream Leases"), which amended and restated the Master Lease in its entirety. The Windstream Leases consist of (a) a master lease (the "ILEC MLA") that governs Uniti owned assets used for Windstream's incumbent local exchange carrier ("ILEC") operations and (b) a master lease (the "CLEC MLA") that governs Uniti owned assets used for Windstream's CLEC operations.

Uniti operates as a REIT for U.S. federal income tax purposes. As a REIT, the Company is generally not subject to U.S. federal income taxes on income generated by its REIT operations, which includes income derived from the Windstream Leases. We have elected to treat the subsidiaries through which we operate our fiber business, Uniti Fiber, certain aspects of our leasing business, Uniti Leasing, certain aspects of our former towers business, and Talk America Services, LLC, which operated the Consumer CLEC Business ("Talk America"), as taxable REIT subsidiaries ("TRSs"). TRSs enable us to engage in activities that result in income that does not constitute qualifying income for a REIT. Our TRSs are subject to U.S. federal, state and local corporate income taxes.

The Company operates through a customary up-REIT structure, pursuant to which we hold substantially all of our assets through a partnership, Uniti Group LP, a Delaware limited partnership (the "Operating Partnership"), that we control as general partner. This structure is intended to facilitate future acquisition opportunities by providing the Company with the ability to use common units of the Operating Partnership as a tax-efficient acquisition currency. As of June 30, 2022, we are the sole general partner of the Operating Partnership and own approximately 99.96% of the partnership interests in the Operating Partnership. In addition, we have undertaken a series of transactions to permit us to hold certain assets through subsidiaries that are taxed as REITs, which may also facilitate future acquisition opportunities.

We aim to grow and diversify our portfolio and tenant base by pursuing a range of transaction structures with communication service providers, including (i) sale-leaseback transactions, whereby we acquire existing infrastructure assets from third parties, including communication service providers, and lease them back on a long-term triple-net basis; (ii) leasing of dark fiber and selling of lit services on our existing fiber network assets that we either constructed or acquired; (iii) whole company acquisitions, which may include the use of one or more TRSs that are permitted under the tax laws to acquire and operate non-REIT businesses and assets subject to certain limitations; (iv) capital investment financing, whereby we offer communication service providers a cost efficient method of raising funds for discrete capital investments to upgrade or expand their network; and (v) mergers and acquisitions financing, whereby we facilitate mergers and acquisition transactions as a capital partner, including through operating company-property company ("OpCo-PropCo") structures.

Segments

We manage our operations as the two reportable business segments, in addition to our corporate operations, which include:

Leasing Segment: Represents the operations of our leasing business, Uniti Leasing, which is engaged in the acquisition and construction of mission-critical communications assets and leasing them to anchor customers on either an exclusive or shared-tenant basis, in addition to the leasing of dark fiber on our existing fiber network assets that we either constructed or acquired. While the Leasing segment represents our REIT operations, certain aspects of the Leasing segment are also operated through TRSs.

Fiber Infrastructure Segment: Represents the operations of our fiber business, Uniti Fiber, which is a leading provider of infrastructure solutions, including cell site backhaul and dark fiber, to the telecommunications industry.

Corporate Operations: Represents our corporate office and shared service functions. Certain costs and expenses, primarily related to headcount, information technology systems, insurance, professional fees and similar charges, that are directly attributable to operations of our business segments are allocated to the respective segments.

We evaluate the performance of each segment based on Adjusted EBITDA, which is a segment performance measure we define as net income determined in accordance with GAAP, before interest expense, provision for income taxes, depreciation and amortization, stock-based compensation expense and the impact, which may be recurring in nature, of transaction and integration related costs, costs associated with Windstream's bankruptcy, costs associated with litigation claims made against us, costs associated with the implementation of our enterprise resource planning system, executive severance costs, costs related to the settlement with Windstream, amortization of non-cash rights-of-use assets, the write off of unamortized deferred financing costs, costs incurred as a result of the early repayment of debt, including early tender and redemption premiums and costs associated with the termination of related hedging activities, gains or losses on dispositions, changes in the fair value of contingent consideration and financial instruments, and other similar or infrequent items (although we may not have had such charges in the periods presented). Adjusted EBITDA includes adjustments to reflect the Company's share of Adjusted EBITDA from unconsolidated entities. For more information on Adjusted EBITDA, see "Non-GAAP Financial Measures." Detailed information about our segments can be found in Note 12 to our accompanying Condensed Consolidated Financial Statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Significant Business Developments

Sale of Harmoni Towers Interest. On June 21, 2022, the Company completed the sale of its investment in Harmoni Towers LP to Palistar Communications Infrastructure GP LLC for total cash consideration of $32.5 million. As a result of the transaction, during the second quarter of 2022 we recorded a pre-tax gain of $7.9 million within other income (expense), net within our Condensed Consolidated Statements of Income.

Results of Operations

Comparison of the three months ended June 30, 2022 and 2021

The following table sets forth our results of operations expressed as dollars and as a percentage of total revenues for the periods indicated:

	Three Months Ended June 30,			
	2022		2021	
(Thousands)	Amount	% of Revenues	Amount	% of Revenues
Revenues:				
Leasing	$ 205,614	72.4%	$ 196,057	73.1%
Fiber Infrastructure	78,361	27.6%	72,123	26.9%
Total revenues	283,975	100.0%	268,180	100.0%
Costs and Expenses:				
Interest expense, net	96,377	34.0%	106,388	39.6%
Depreciation and amortization	72,303	25.5%	69,671	26.0%
General and administrative expense	25,085	8.8%	24,900	9.3%
Operating expense (exclusive of depreciation and amortization)	36,917	13.0%	33,185	12.4%
Transaction related and other costs	3,235	1.1%	424	0.2%
Gain on sale of real estate	(250)	(0.1%)	(442)	(0.2)%
Gain on sale of operations	—	—%	(28,143)	(10.5)%
Other (income) expense, net	(7,930)	(2.8%)	8,021	3.0%
Total costs and expenses	225,737	79.5%	214,004	79.8%
Income before income taxes and equity in earnings from unconsolidated entities	58,238	20.5%	54,176	20.2%
Income tax expense	4,944	1.8%	5,084	1.9%
Equity in earnings from unconsolidated entities	(480)	(0.2%)	(547)	(0.2%)
Net income	53,774	18.9%	49,639	18.5%
Net income attributable to noncontrolling interests	77	0.0%	732	0.3%
Net income attributable to shareholders	53,697	18.9%	48,907	18.2%
Participating securities' share in earnings	(340)	(0.1%)	(333)	(0.1%)
Dividends declared on convertible preferred stock	(5)	0.0%	(2)	0.0%
Net income attributable to common shareholders	$ 53,352	18.8%	$ 48,572	18.1%

The following tables set forth revenues, Adjusted EBITDA and net income of our reportable segments for the three months ended June 30, 2022 and 2021:

	Three Months Ended June 30, 2022			
(Thousands)	Leasing	Fiber Infrastructure	Corporate	Subtotal of Reportable Segments
Revenues	$ 205,614	$ 78,361	$ —	$ 283,975
Adjusted EBITDA	$ 200,349	$ 33,583	$ (6,768)	$ 227,164
Less:				
Interest expense				96,377
Depreciation and amortization	42,513	29,753	37	72,303
Gain on sale of real estate				(250)
Other, net				(7,495)
Transaction related and other costs				3,235
Stock-based compensation				3,201
Income tax expense				4,944
Adjustments for equity in earnings from unconsolidated entities				1,075
Net income				$ 53,774

	Three Months Ended June 30, 2021			
(Thousands)	Leasing	Fiber Infrastructure	Corporate	Subtotal of Reportable Segments
Revenues	$ 196,057	$ 72,123	$ —	$ 268,180
Adjusted EBITDA	$ 192,137	$ 29,439	$ (5,842)	$ 215,734
Less:				
Interest expense				106,388
Depreciation and amortization	40,474	29,132	65	69,671
Other, net				8,779
Transaction related and other costs				424
Gain on sale of real estate				(442)
Gain on sale of operations				(28,143)
Stock-based compensation				3,462
Income tax expense				5,084
Adjustments for equity in earnings from unconsolidated entities				872
Net income				$ 49,639

Summary of Operating Metrics

	Operating Metrics As of June 30,		
	2022	2021	% Increase / (Decrease)
Operating metrics:			
Leasing:			
Fiber strand miles	4,980,000	4,600,000	8.3%
Copper strand miles	230,000	230,000	0.0%
Fiber Infrastructure:			
Fiber strand miles	2,800,000	2,540,000	10.2%
Customer connections	27,171	25,383	7.0%

Revenues

	Three Months Ended June 30,			
	2022		2021	
(Thousands)	Amount	% of Consolidated Revenues	Amount	% of Consolidated Revenues
Revenues:				
Leasing	$ 205,614	72.4%	$ 196,057	73.1%
Fiber Infrastructure	78,361	27.6%	72,123	26.9%
Total revenues	$ 283,975	100.0%	$ 268,180	100.0%

Leasing – Leasing revenues are primarily attributable to rental revenue from leasing our Distribution Systems to Windstream pursuant to the Windstream Leases (and historically, the Master Lease). Under the Windstream Leases, Windstream is responsible for the costs related to operating the Distribution Systems, including property taxes, insurance, and maintenance and repair costs. As a result, we do not record an obligation related to the payment of property taxes, as Windstream makes direct payments to the taxing authorities. The initial term of the Windstream Leases expires on April 30, 2030. Annual rent under the Windstream Leases for the full year 2022 is $668.9 million and is subject to annual escalation at a rate of 0.5%. For a description of the Windstream Leases, see “Liquidity and Capital Resources—Windstream Master Lease and Windstream Leases” below.

The rent for the first year of each renewal term will be an amount agreed to by us and Windstream. While the agreement requires that the renewal rent be “Fair Market Rent,” if we are unable to agree, the renewal Fair Market Rent will be determined by an independent appraisal process. Commencing with the second year of each renewal term, the renewal rent will increase at an escalation rate of 0.5%.

Pursuant to the Windstream Leases, Windstream (or any successor tenant under a Windstream Lease) has the right to cause Uniti to reimburse up to an aggregate $1.75 billion for certain growth capital improvements in long-term value accretive fiber and related assets made by Windstream (or the applicable tenant under the Windstream Lease) to certain ILEC and CLEC properties (the “Growth Capital Improvements” or “GCIs”). Uniti’s total annual reimbursement commitments to Windstream for the Growth Capital Improvements is discussed below in “Liquidity and Capital Resources—Windstream Master Lease and Windstream Leases.”

Starting on the first anniversary of each installment of reimbursement for a Growth Capital Improvement, the rent payable by Windstream under the applicable Windstream Lease will increase by an amount equal to 8.0% (the “Rent Rate”) of such installment of reimbursement. The Rent Rate will thereafter increase to 100.5% of the prior Rent Rate on each anniversary of each reimbursement. In the event that the tenant’s interest in either Windstream Lease is transferred by Windstream under the terms thereof (unless transferred to the same transferee), or if Uniti transfers its interests as landlord under either Windstream Lease (unless to the same transferee), the reimbursement rights and obligations will be allocated between the ILEC MLA and the CLEC MLA by Windstream, provided that the maximum that may be allocated to the CLEC MLA following such transfer is $20 million per year. If Uniti fails to reimburse any Growth Capital Improvement reimbursement payment or equipment loan funding request as and when it is required to do so under the terms of the Windstream Leases, and such failure continues for thirty (30) days, then such unreimbursed amounts may be applied as an offset against the rent owed by Windstream under the Windstream Leases (and such amounts will thereafter be treated as if Uniti had reimbursed them).

The Windstream Leases provide that tenant funded capital improvements ("TCIs"), defined as maintenance, repair, overbuild, upgrade or replacement to the Distribution Systems, including without limitation, the replacement of copper distribution systems with fiber distribution systems, automatically become property of Uniti upon their construction by Windstream. We receive non-monetary consideration related to TCIs as they automatically become our property, and we recognize the cost basis of TCIs that are capital in nature as real estate investments and deferred revenue. We depreciate the real estate investments over their estimated useful lives and amortize the deferred revenue as additional leasing revenues over the same depreciable life of the TCI assets. TCIs exclude Growth Capital Improvements as and when reimbursed by Uniti.

	Three Months Ended June 30,			
	2022		2021	
(Thousands)	Amount	% of Segment Revenues	Amount	% of Segment Revenues
Leasing revenues:				
Windstream Leases:				
Cash revenue				
Cash rent	$ 167,223	81.3%	$ 166,390	84.9%
GCI revenue	2,891	1.4%	—	0.0%
Total cash revenue	170,114	82.7%	166,390	84.9%
Non-cash revenue				
TCI revenue	10,667	5.2%	9,580	4.9%
GCI revenue	3,609	1.8%	2,513	1.3%
Other straight-line revenue	2,525	1.2%	3,375	1.7%
Total non-cash revenue	16,801	8.2%	15,468	7.9%
Total Windstream revenue	186,915	90.9%	181,858	92.8%
Other services	18,699	9.1%	14,199	7.2%
Total Leasing revenues	$ 205,614	100.0%	$ 196,057	100.0%

The increase in TCI revenue is attributable to continued investment by Windstream. As of June 30, 2022 and 2021, the total amount invested in TCIs by Windstream since the inception of the Windstream Leases and Master Lease was $1.0 billion and $952.5 million, respectively.

The increase in GCI revenue is attributable to Uniti's continued reimbursement of Growth Capital Improvements. During the three months ended June 30, 2022, Uniti reimbursed $43.5 million of Growth Capital Improvements. Subsequent to June 30, 2022, Windstream requested, and we reimbursed $22.9 million of qualifying Growth Capital Improvements. As of the date of this Quarterly Report on Form 10-Q, we have reimbursed a total of $420.8 million of Growth Capital Improvements.

We recognized $18.7 million and $14.2 million of revenues from other services including non-Windstream triple-net leasing and dark fiber indefeasible rights of use ("IRU") arrangements for the three months ended June 30, 2022 and 2021, respectively.

Because a substantial portion of our revenue and cash flows are derived from lease payments by Windstream pursuant to the Windstream Leases, there could be a material adverse impact on our consolidated results of operations, liquidity, financial condition and/or ability to maintain our status as a REIT and service debt if Windstream were to become unable to generate sufficient cash to make payments to us.

Prior to its emergence from bankruptcy on September 21, 2020, Windstream was a publicly traded company and was subject to the periodic filing requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Windstream's historic filings through their quarter ended June 30, 2020 can be found at www.sec.gov. Additionally, the

Windstream audited financial statements as of December 31, 2021, and for the year ended December 31, 2021, as of December 31, 2020 and for the period from September 22, 2020 to December 31, 2020 and for the period from January 1, 2020 to September 21, 2020 and for the year ended December 31, 2019 are included as an exhibit to our Annual Report. On September 22, 2020, Windstream filed a Form 15 to terminate all filing obligations under Section 12(g) and 15(d) under the Exchange Act. Windstream filings are not incorporated by reference in this Quarterly Report on Form 10-Q.

We monitor the credit quality of Windstream through numerous methods, including by (i) reviewing credit ratings of Windstream by nationally recognized credit agencies, (ii) reviewing the financial statements of Windstream that are required to be delivered to us pursuant to the Windstream Leases, (iii) monitoring news reports regarding Windstream and its business, (iv) conducting research to ascertain industry trends potentially affecting Windstream, (v) monitoring Windstream's compliance with the terms of the Windstream Leases and (vi) monitoring the timeliness of its payments under the Windstream Leases.

As of the date of this Quarterly Report on Form 10-Q, Windstream is current on all lease payments. We note that in August 2020, Moody's Investor Service assigned a B3 corporate family rating with a stable outlook to Windstream in connection with its post-emergence exit financing. At the same time, S&P Global Ratings assigned Windstream a B- issuer rating with a stable outlook. Both ratings remain current as of the date of this filing. In order to assist us in our continuing assessment of Windstream's creditworthiness, we periodically receive certain confidential financial information and metrics from Windstream.

Fiber Infrastructure – Fiber Infrastructure revenues for the three months ended June 30, 2022 and 2021 consisted of the following:

	Three Months Ended June 30,			
	2022		2021	
(Thousands)	Amount	% of Segment Revenues	Amount	% of Segment Revenues
Fiber Infrastructure revenues:				
Lit backhaul services	$ 19,937	25.4%	$ 22,979	31.9%
Enterprise and wholesale	21,001	26.8%	21,327	29.6%
E-Rate and government	18,505	23.6%	15,926	22.1%
Dark fiber and small cells	18,206	23.2%	11,067	15.3%
Other services	712	0.9%	824	1.1%
Total Fiber Infrastructure revenues	$ 78,361	100.0%	$ 72,123	100.0%

For the three months ended June 30, 2022, Fiber Infrastructure revenues totaled $78.4 million as compared to $72.1 million for the three months ended June 30, 2021. As of June 30, 2022, we had approximately 27,171 customer connections, up from 25,383 customer connections as of June 30, 2021. Fiber Infrastructure revenues increased $6.2 million, primarily due to an increase in one-time early termination revenues of $5.7 million within dark fiber and small cells revenues and an increase in installation and equipment sales of $3.7 million within E-Rate and government revenues, partially offset by a $3.0 million decrease in lit backhaul service revenues, primarily driven by the sale of our Uniti Fiber Northeast operations on May 28, 2021, and a $0.9 million decrease related to the wind down of our construction activities.

Interest Expense, net

(Thousands)	Three Months Ended June 30, 2022	2021	% Increase / (Decrease)
Interest expense, net:			
Cash:			
Senior secured notes	$ 51,066	$ 54,312	(3,246)
Senior unsecured notes	31,987	32,377	(390)
Senior secured revolving credit facility - variable rate	2,877	2,571	306
Tender premium payment	—	2,991	(2,991)
Interest rate swap termination	2,829	2,829	—
Other	323	783	(460)
Total cash interest	89,082	95,863	(6,781)
Non-cash:			
Amortization of deferred financing costs and debt discount	4,501	4,412	89
Write off of deferred financing costs and debt discount	—	2,413	(2,413)
Accretion of settlement payable	2,911	4,326	(1,415)
Capitalized interest	(117)	(626)	509
Total non-cash interest	7,295	10,525	(3,230)
Total interest expense, net	$ 96,377	$ 106,388	$ (10,011)

Interest expense for the three months ended June 30, 2022 decreased $10.0 million compared to the three months ended June 30, 2021. The decrease is attributable to (i) the April 20, 2021 issuance of the $570.0 million aggregate principal amount 4.75% Senior Secured Notes due 2028 (the “2028 Secured Notes”) to fund the redemption of the $550 million aggregate principal amount of outstanding 6.00% Senior Secured Notes due 2023 (the “2023 Secured Notes”), which resulted in a tender premium payment of $3.0 million and the write off of $1.3 million of deferred financing costs and debt discount, (ii) the February 2, 2021 issuance of $1.11 billion aggregate principal amount of 6.50% Senior Unsecured Notes due 2029 (the “2029 Notes”) used to fund the redemption of the 8.25% Senior Unsecured Notes due 2023 (the “2023 Notes”), which resulted in the write off of $1.1 million of deferred financing costs and debt discount during the three months ended June 30, 2021 and (iii) lower cash interest expense of $4.0 million, primarily associated with the 2028 Notes and 2029 Notes financing transactions, and a $1.4 million decrease in accretion expense associated with the settlement payable during the three months ended June 30, 2022.

Depreciation and Amortization Expense

(Thousands)	Three Months Ended June 30, 2022	2021	% Increase / (Decrease)
Depreciation and amortization expense by segment:			
Depreciation expense			
Leasing	$ 40,784	$ 41,419	$ (635)
Fiber Infrastructure	24,035	23,414	621
Corporate	37	65	(28)
Total depreciation expense	64,856	64,898	(42)
Amortization expense			
Leasing	1,729	(945)	2,674
Fiber Infrastructure	5,718	5,718	—
Total amortization expense	7,447	4,773	2,674
Total depreciation and amortization expense	$ 72,303	$ 69,671	$ 2,632

Leasing – Leasing depreciation expense decreased $0.6 million for the three months ended June 30, 2022 compared to the three months ended June 30, 2021. The decrease is primarily attributable to an increase in fully depreciated Windstream Distribution System assets of $0.9 million, partially offset by a $0.3 million increase related to asset additions since June 30, 2021. During the three months ended June 30, 2021, $2.7 million was recorded as a benefit to amortization expense, and subsequently reclassified to revenue during the fourth quarter of 2021.

Fiber Infrastructure – Fiber Infrastructure depreciation expense increased $0.6 million for the three months ended June 30, 2022 compared to the three months ended June 30, 2021. The increase in depreciation expense is primarily attributable to asset additions since June 30, 2021.

General and Administrative Expense

General and administrative expenses include compensation costs, including stock-based compensation awards, professional and legal services, corporate office costs and other costs associated with administrative activities of our segments.

	Three Months Ended June 30,			
	2022		2021	
(Thousands)	Amount	% of Consolidated Revenues	Amount	% of Consolidated Revenues
General and administrative expense by segment:				
Leasing	$ 3,236	1.1%	$ 2,612	1.0%
Fiber Infrastructure	13,137	4.6%	13,926	5.2%
Corporate	8,712	3.1%	8,362	3.1%
Total general and administrative expenses	$ 25,085	8.8%	$ 24,900	9.3%

Leasing – Leasing general and administrative expense increased $0.6 million for the three months ended June 30, 2022 compared to the three months ended June 30, 2021. The increase is primarily attributable to a $0.6 million increase in personnel expenses driven by incremental customer growth.

Fiber Infrastructure – Fiber Infrastructure general and administrative expense decreased $0.8 million for the three months ended June 30, 2022 compared to the three months ended June 30, 2021. This decrease is primarily attributable to decreases in franchise taxes of $0.3 million and insurance expense associated with favorable premium renewals of $0.2 million.

Corporate – Corporate general and administrative expense increased $0.4 million for the three months ended June 30, 2022 compared to the three months ended June 30, 2021. The increase is attributable to a $0.6 million increase in professional and legal fees, partially offset by a $0.3 million decrease in insurance expense.

Operating Expense

Operating expense for the three months ended June 30, 2022 increased by $3.7 million from the three months ended June 30, 2021. Operating expense for our reportable segments for the three months ended June 30, 2022 and 2021 consisted of the following:

	Three Months Ended June 30,			
	2022		2021	
(Thousands)	Amount	% of Consolidated Revenues	Amount	% of Consolidated Revenues
Operating expense by segment:				
Leasing	$ 4,839	1.7%	$ 3,613	1.3%
Fiber Infrastructure	32,078	11.3%	29,572	11.1%
Total operating expenses	$ 36,917	13.0%	$ 33,185	12.4%

Leasing – Leasing operating expense increased $1.2 million for the three months ended June 30, 2022 and as compared to the three months ended June 30, 2021. The increase is primarily driven by incremental customer growth and increased network related expenses of $1.0 million.

Fiber Infrastructure – Fiber Infrastructure operating expenses increased $2.5 million for the three months ended June 30, 2022 compared to the three months ended June 30, 2021. Operating expense consists of network related costs, such as dark fiber and tower rents, lit service and maintenance expense and costs associated with our construction activities. The increase in operating expenses is primarily attributable to increases in equipment sales and installations expenses of $1.3 million, unsplicing expenses of $0.8 million, network maintenance expenses of $0.3 million, and dark fiber early termination fees of $0.3 million.

Transaction Related and Other Costs

Transaction related and other costs included incremental acquisition, pursuit, transaction and integration costs (including unsuccessful acquisition pursuit costs), costs incurred as a result of Windstream's bankruptcy filing, costs associated with Windstream's claims against us and costs associated with the implementation of our enterprise resource planning system. For the three months ended June 30, 2022, we incurred $3.2 million of transaction related and other costs, compared to $0.4 million of such costs during the three months ended June 30, 2021.

Income Tax Expense

The income tax expense recorded for the three months ended June 30, 2022 and 2021, respectively, is related to the tax impact of the following:

(Thousands)	Three Months Ended June 30, 2022	2021
Income tax expense		
Pre-tax loss (Fiber Infrastructure)	$ (3,431)	$ (2,949)
Gain on sale of operations	—	7,041
Gain on sale of unconsolidated entity	6,711	—
Other undistributed REIT taxable income	1,106	467
REIT state and local taxes	540	561
Other	18	(36)
Total income tax expense	$ 4,944	$ 5,084

Comparison of the six months ended June 30, 2022 and 2021

The following table sets forth our results of operations expressed as dollars and as a percentage of total revenues for the periods indicated:

	Six Months Ended June 30,			
	2022		2021	
(Thousands)	Amount	% of Revenues	Amount	% of Revenues
Revenues:				
Leasing	$ 410,255	73.0%	$ 390,993	72.3%
Fiber Infrastructure	151,754	27.0%	149,773	27.7%
Total revenues	562,009	100.0%	540,766	100.0%
Costs and Expenses:				
Interest expense, net	192,549	34.3%	246,969	45.7%
Depreciation and amortization	143,760	25.6%	140,635	26.0%
General and administrative expense	48,955	8.7%	50,723	9.4%
Operating expense (exclusive of depreciation and amortization)	71,893	12.8%	71,269	13.2%
Transaction related and other costs	4,949	0.9%	4,561	0.8%
Gain on sale of real estate	(250)	(0.1%)	(442)	(0.1)%
Gain on sale of operations	—	—%	(28,143)	(5.2)%
Other (income) expense, net	(8,328)	(1.5%)	8,475	1.6%
Total costs and expenses	453,528	80.7%	494,047	91.4%
Income before income taxes and equity in earnings from unconsolidated entities	108,481	19.3%	46,719	8.6%
Income tax expense	2,873	0.5%	2,527	0.5%
Equity in earnings from unconsolidated entities	(1,024)	(0.2%)	(945)	(0.2%)
Net income	106,632	19.0%	45,137	8.3%
Net income attributable to noncontrolling interests	205	0.1%	668	0.1%
Net income attributable to shareholders	106,427	18.9%	44,469	8.2%
Participating securities' share in earnings	(671)	(0.1%)	(581)	(0.1%)
Dividends declared on convertible preferred stock	(10)	0.0%	(5)	0.0%
Net income attributable to common shareholders	$ 105,746	18.8%	$ 43,883	8.1%

The following tables set forth revenues, Adjusted EBITDA and net income of our reportable segments for the six months ended June 30, 2022 and 2021:

	Six Months Ended June 30, 2022			
(Thousands)	Leasing	Fiber Infrastructure	Corporate	Subtotal of Reportable Segments
Revenues	$ 410,255	$ 151,754	$ —	$ 562,009
Adjusted EBITDA	$ 399,322	$ 65,042	$ (12,411)	$ 451,953
Less:				
Interest expense				192,549
Depreciation and amortization	84,616	59,071	73	143,760
Gain on sale of real estate				(250)
Other, net				(7,134)
Transaction related and other costs				4,949
Stock-based compensation				6,513
Income tax expense				2,873
Adjustments for equity in earnings from unconsolidated entities				2,061
Net income				$ 106,632

	Six Months Ended June 30, 2021			
(Thousands)	Leasing	Fiber Infrastructure	Corporate	Subtotal of Reportable Segments
Revenues	$ 390,993	$ 149,773	$ —	$ 540,766
Adjusted EBITDA	$ 383,634	$ 59,160	$ (12,812)	$ 429,982
Less:				
Interest expense				246,969
Depreciation and amortization	82,700	57,802	133	140,635
Other, net				10,097
Transaction related and other costs				4,561
Gain on sale of real estate				(442)
Gain on sale of operations				(28,143)
Stock-based compensation				6,797
Income tax expense				2,527
Adjustments for equity in earnings from unconsolidated entities				1,844
Net income				$ 45,137

Revenues

(Thousands)	Six Months Ended June 30, 2022 Amount	2022 % of Consolidated Revenues	2021 Amount	2021 % of Consolidated Revenues
Revenues:				
Leasing	$ 410,255	73.0%	$ 390,993	72.3%
Fiber Infrastructure	151,754	27.0%	149,773	27.7%
Total revenues	$ 562,009	100.0%	$ 540,766	100.0%

<u>*Leasing*</u> – Leasing revenues for the six months ended June 30, 2022 and 2021 consisted of the following:

(Thousands)	Six Months Ended June 30, 2022 Amount	2022 % of Segment Revenues	2021 Amount	2021 % of Segment Revenues
Leasing revenues:				
Windstream Leases:				
Cash revenue				
Cash rent	$ 333,890	81.4%	$ 332,229	85.0%
GCI revenue	4,820	1.2%	—	0.0%
Total cash revenue	338,710	82.6%	332,229	85.0%
Non-cash revenue				
TCI revenue	21,073	5.1%	18,832	4.8%
GCI revenue	7,449	1.8%	4,224	1.1%
Other straight-line revenue	5,610	1.4%	7,309	1.9%
Total non-cash revenue	34,132	8.3%	30,365	7.8%
Total Windstream revenue	372,842	90.9%	362,594	92.7%
Other services	37,414	9.1%	28,399	7.3%
Total Leasing revenues	$ 410,255	100.0%	$ 390,993	100.0%

The increase in TCI revenue is attributable to continued investment by Windstream. As of June 30, 2022 and 2021, the total amount invested in TCIs by Windstream since the inception of the Windstream Leases and Master Lease was $1.0 billion and $952.5 million, respectively.

The increase in GCI revenue is attributable to Uniti's continued reimbursement of Growth Capital Improvements. During the six months ended June 30, 2022, Uniti reimbursed $91.7 million of Growth Capital Improvements. Subsequent to June 30, 2022, Windstream requested, and we reimbursed $22.9 million of qualifying Growth Capital Improvements. As of the date of this Quarterly Report on Form 10-Q, we have reimbursed a total of $420.8 million of Growth Capital Improvements.

We recognized $37.4 million and $28.4 million of revenues from non-Windstream triple-net leasing, dark fiber IRU arrangements, and other services for the six months ended June 30, 2022 and 2021, respectively.

Fiber Infrastructure – Fiber Infrastructure revenues for the six months ended June 30, 2022 and 2021 consisted of the following:

	Six Months Ended June 30,			
	2022		2021	
(Thousands)	Amount	% of Segment Revenues	Amount	% of Segment Revenues
Fiber Infrastructure revenues:				
Lit backhaul services	$ 39,375	26.0%	$ 48,023	32.0%
Enterprise and wholesale	41,936	27.6%	42,327	28.3%
E-Rate and government	32,782	21.6%	35,290	23.6%
Dark fiber and small cells	36,288	23.9%	22,493	15.0%
Other services	1,373	0.9%	1,640	1.1%
Total Fiber Infrastructure revenues	$ 151,754	100.0%	$ 149,773	100.0%

For the six months ended June 30, 2022, Fiber Infrastructure revenues totaled $151.8 million as compared to $149.8 million for the six months ended June 30, 2021. Fiber Infrastructure revenues increased $2.0 million, primarily due to an increase in one-time early termination revenues of $12.3 million within dark fiber and small cells revenues, partially offset by a $8.6 million decrease in Lit backhaul service revenues, primarily driven by the sale of our Uniti Fiber Northeast operations on May 28, 2021 and lit-to-dark fiber conversions, and a $1.6 million decrease due to the wind down of our construction activities.

Interest Expense, net

(Thousands)	Six Months Ended June 30, 2022	2021	% Increase / (Decrease)
Interest expense, net:			
Cash:			
Senior secured notes	$ 102,132	$ 106,859	(4,727)
Senior unsecured notes	63,975	67,262	(3,287)
Senior secured revolving credit facility - variable rate	5,479	4,885	594
Tender premium payment	—	20,541	(20,541)
Interest rate swap termination	5,659	5,658	1
Other	679	1,705	(1,026)
Total cash interest	177,924	206,910	(28,986)
Non-cash:			
Amortization of deferred financing costs and debt discount	9,015	9,371	(356)
Write off of deferred financing costs and debt discount	—	22,828	(22,828)
Accretion of settlement payable	5,787	8,889	(3,102)
Capitalized interest	(177)	(1,029)	852
Total non-cash interest	14,625	40,059	(25,434)
Total interest expense, net	$ 192,549	$ 246,969	$ (54,420)

Interest expense for the six months ended June 30, 2022 decreased $54.4 million compared to the six months ended June 30, 2021. The decrease is attributable to (i) the issuance of 2029 Notes used to fund the redemption of the 2023 Notes, and issuance of the 2028 Secured Notes to fund the redemption of the 2023 Secured Notes, which collectively resulted in $20.5 million of tender premium payments and the write off of $22.8 million of deferred financing costs, during the six months ended June 30, 2021 and (ii) lower cash interest expense of $8.2 million, primarily associated with the 2029 Notes and 2028 Notes financing transactions, and a $3.1 million decrease in accretion expense associated with the settlement payable during the six months ended June 30, 2022.

Depreciation and Amortization Expense

(Thousands)	Six Months Ended June 30, 2022	2021	% Increase / (Decrease)
Depreciation and amortization expense by segment:			
Depreciation expense			
Leasing	$ 81,157	$ 84,589	$ (3,432)
Fiber Infrastructure	47,637	46,366	1,271
Corporate	73	133	(60)
Total depreciation expense	128,867	131,088	(2,221)
Amortization expense			
Leasing	3,459	(1,889)	5,348
Fiber Infrastructure	11,434	11,436	(2)
Total amortization expense	14,893	9,547	5,346
Total depreciation and amortization expense	$ 143,760	$ 140,635	$ 3,125

Leasing – Leasing depreciation expense decreased $3.4 million for the six months ended June 30, 2022 as compared to the six months ended June 30, 2021. The decrease is primarily attributable to an increase in fully depreciated Windstream Distribution System assets of $4.0 million, partially offset by a $0.7 million increase in depreciation related to asset additions since June 30, 2021. During the six months ended June 30, 2021, $5.3 million was recorded as a benefit to amortization expense, and subsequently reclassified to revenue during the fourth quarter of 2021.

Fiber Infrastructure – Fiber Infrastructure depreciation expense increased $1.3 million for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. The increase in depreciation expense is primarily attributable to asset additions since June 30, 2021.

General and Administrative Expense

General and administrative expenses include compensation costs, including stock-based compensation awards, professional and legal services, corporate office costs and other costs associated with administrative activities of our segments.

	Six Months Ended June 30,					
	2022			2021		
(Thousands)		Amount	% of Consolidated Revenues		Amount	% of Consolidated Revenues
General and administrative expense by segment:						
Leasing	$	6,539	1.1%	$	5,182	1.0%
Fiber Infrastructure		25,783	4.6%		27,763	5.1%
Corporate		16,633	3.0%		17,778	3.3%
Total general and administrative expenses	$	48,955	8.7%	$	50,723	9.4%

Leasing – Leasing general and administrative expense increased $1.4 million for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. The increase is primarily attributable to a $1.0 million increase in personnel expenses.

Fiber Infrastructure – Fiber Infrastructure general and administrative expense decreased $2.0 million for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. This decrease is primarily attributable to decreases in personnel expenses of $0.5 million, franchise taxes of $0.4 million, and insurance expense associated with favorable premium renewals of $0.3 million.

Corporate – Corporate general and administrative expense decreased $1.1 million for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. The decrease is attributable to reductions in insurance expenses of $1.7 million and personnel expenses of $1.2 million, partially offset by increases in professional and legal expenses of $1.1 million, computer software and maintenance of $0.2 million, and facility lease expense of $0.2 million..

Operating Expense

Operating expense for the six months ended June 30, 2022 increased by $0.6 million from the six months ended June 30, 2021, which was primarily attributable to a $2.9 million increase in Leasing operating expenses partially offset by a $2.2 million decrease in Fiber Infrastructure operating expenses discussed below. Operating expense for our reportable segments for the six months ended June 30, 2022 and 2021 consisted of the following:

	Six Months Ended June 30,					
	2022			2021		
(Thousands)		Amount	% of Consolidated Revenues		Amount	% of Consolidated Revenues
Operating expense by segment:						
Leasing	$	9,706	1.7%	$	6,842	1.3%
Fiber Infrastructure		62,187	11.1%		64,427	11.9%
Total operating expenses	$	71,893	12.8%	$	71,269	13.2%

Leasing – Leasing operating expense increased $2.9 million for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. The increase is primarily driven by incremental customer growth and increased network related expenses of $1.9 million.

Fiber Infrastructure – Fiber Infrastructure operating expenses decreased $2.2 million for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. Operating expense consists of network related costs, such as dark fiber and tower rents, lit service and maintenance expense, and costs associated with our construction activities. The decrease in operating expenses is primarily attributable to decreases in equipment sales and installations of $2.6 million, construction expenses of $1.7 million, and $1.5 million related to the sale of our Uniti Fiber Northeast operations on May 28, 2021, partially offset by increases in dark fiber early termination fees of $1.8 million, unsplicing expenses of $0.9 million, and network maintenance and repair expenses of $0.8 million.

Transaction Related and Other Costs

Transaction related and other costs included incremental acquisition, pursuit, transaction and integration costs (including unsuccessful acquisition pursuit costs), costs incurred as a result of Windstream's bankruptcy filing, costs associated with Windstream's claims against us and costs associated with the implementation of our enterprise resource planning system. For the six months ended June 30, 2022, we incurred $4.9 million of transaction related and other costs, compared to $4.6 million of such costs during the six months ended June 30, 2021.

Income Tax Expense

The income tax expense recorded for the six months ended June 30, 2022 and 2021, respectively, is related to the tax impact of the following:

(Thousands)	Six Months Ended June 30, 2022	2021
Income tax expense		
Pre-tax loss (Fiber Infrastructure)	$ (7,243)	$ (6,008)
Gain on sale of operations	—	7,041
Gain on sale of unconsolidated entity	6,711	—
Other undistributed REIT taxable income	2,266	532
REIT state and local taxes	1,078	939
Other	61	23
Total income tax expense	$ 2,873	$ 2,527

Non-GAAP Financial Measures

We refer to EBITDA, Adjusted EBITDA, Funds From Operations ("FFO") (as defined by the National Association of Real Estate Investment Trusts ("NAREIT")) and Adjusted Funds From Operations ("AFFO") in our analysis of our results of operations, which are not required by, or presented in accordance with, accounting principles generally accepted in the United States ("GAAP"). While we believe that net income, as defined by GAAP, is the most appropriate earnings measure, we also believe that EBITDA, Adjusted EBITDA, FFO and AFFO are important non-GAAP supplemental measures of operating performance for a REIT.

We define "EBITDA" as net income, as defined by GAAP, before interest expense, provision for income taxes and depreciation and amortization. We define "Adjusted EBITDA" as EBITDA before stock-based compensation expense and the impact, which may be recurring in nature, of transaction and integration related costs, costs associated with Windstream's bankruptcy, costs associated with litigation claims made against us, and costs associated with the implementation of our enterprise resource planning system, (collectively, "Transaction Related and Other Costs"), costs related to the settlement with Windstream, goodwill impairment charges, executive severance costs, amortization of non-cash rights-of-use assets, the write off of unamortized deferred financing costs, costs incurred as a result of the early repayment of debt, including early tender and redemption premiums and costs associated with the termination of related hedging activities, gains or losses on dispositions, changes in the fair value of contingent consideration and financial instruments, and other similar or infrequent items (although we may not have had such charges in the periods presented). Adjusted EBITDA includes adjustments to reflect the Company's share of Adjusted EBITDA from unconsolidated entities. We believe EBITDA and Adjusted EBITDA are important supplemental measures to net income because they provide additional information to evaluate our operating performance on an unleveraged basis. In addition, Adjusted EBITDA is calculated similar to defined terms in our material debt agreements used to determine compliance with specific financial covenants. Since EBITDA and Adjusted EBITDA are not measures calculated in accordance with GAAP, they should not be considered as alternatives to net income determined in accordance with GAAP.

Because the historical cost accounting convention used for real estate assets requires the recognition of depreciation expense except on land, such accounting presentation implies that the value of real estate assets diminishes predictably over time. However, since real estate values have historically risen or fallen with market and other conditions, presentations of operating results for a REIT that uses historical cost accounting for depreciation could be less informative. Thus, NAREIT created FFO as a supplemental measure of operating performance for REITs that excludes historical cost depreciation and amortization, among other items, from net income, as defined by GAAP. FFO is defined by NAREIT as net income attributable to common shareholders computed in accordance with GAAP, excluding gains or losses from real estate dispositions, plus real estate depreciation and amortization and impairment charges, and includes adjustments to reflect the Company's share of FFO from unconsolidated entities. We compute FFO in accordance with NAREIT's definition.

The Company defines AFFO, as FFO excluding (i) Transaction Related and Other Costs; (ii) costs related to the litigation settlement with Windstream, accretion on our settlement obligation, and gains on prepayment of our settlement obligation as these items are not reflective of ongoing operating performance; (iii) goodwill impairment charges; (iv) certain non-cash revenues and expenses such as stock-based compensation expense, amortization of debt and equity discounts, amortization of deferred financing costs, depreciation and amortization of non-real estate assets, amortization of non-cash rights-of-use assets, straight line revenues, non-cash income taxes, and the amortization of other non-cash revenues to the extent that cash has not been received, such as revenue associated with the amortization of TCIs; and (v) the impact, which may be recurring in nature, of the write-off of unamortized deferred financing fees, additional costs incurred as a result of the early repayment of debt, including early tender and redemption premiums and costs associated with the termination of related hedging activities, executive severance costs, taxes associated with tax basis cancellation of debt, gains or losses on dispositions, changes in the fair value of contingent consideration and financial instruments and similar or infrequent items less maintenance capital expenditures. AFFO includes adjustments to reflect the Company's share of AFFO from unconsolidated entities. We believe that the use of FFO and AFFO, and their respective per share amounts, combined with the required GAAP presentations, improves the understanding of operating results of REITs among investors and analysts, and makes comparisons of operating results among such companies more meaningful. We consider FFO and AFFO to be useful measures for reviewing comparative operating performance. In particular, we believe AFFO, by excluding certain revenue and expense items, can help investors compare our operating performance between periods and to other REITs on a consistent basis without having to account for differences caused by unanticipated items and events, such as transaction and integration related costs. The Company uses FFO and AFFO, and their respective per share amounts, only as performance measures, and FFO and AFFO do not purport to be indicative of cash available to fund our future cash requirements. While FFO and AFFO are relevant and widely used measures of operating performance of REITs, they do not represent cash flows from operations or net income as defined by GAAP and should not be considered an alternative to those measures in evaluating our liquidity or operating performance.

Further, our computations of EBITDA, Adjusted EBITDA, FFO and AFFO may not be comparable to that reported by other REITs or companies that do not define FFO in accordance with the current NAREIT definition or that interpret the current NAREIT definition or define EBITDA, Adjusted EBITDA and AFFO differently than we do.

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The reconciliation of our net income to EBITDA and Adjusted EBITDA and of our net income attributable to common shareholders to FFO and AFFO for the three and six months ended June 30, 2022 and 2021 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Thousands)	2022	2021	2022	2021
Net income	$ 53,774	$ 49,639	$ 106,632	$ 45,137
Depreciation and amortization	72,303	69,671	143,760	140,635
Interest expense, net	96,377	106,388	192,549	246,969
Income tax expense	4,944	5,084	2,873	2,527
EBITDA	$ 227,398	$ 230,782	$ 445,814	$ 435,268
Stock based compensation	3,201	3,462	6,513	6,797
Transaction related and other costs	3,235	424	4,949	4,561
Gain on sale of operations	—	(28,143)	—	(28,143)
Gain on sale of real estate	(250)	(442)	(250)	(442)
Other, net	(7,495)	8,779	(7,134)	10,097
Adjustments for equity in earnings from unconsolidated entities	1,075	872	2,061	1,844
Adjusted EBITDA	$ 227,164	$ 215,734	$ 451,953	$ 429,982

	Three Months Ended June 30,		Six Months Ended June 30,	
(Thousands)	2022	2021	2022	2021
Net income attributable to common shareholders	$ 53,352	$ 48,572	$ 105,746	$ 43,883
Real estate depreciation and amortization	52,424	52,178	104,317	105,555
Gain on sale of real estate assets, net of tax	(250)	(442)	(250)	(442)
Participating securities share in earnings	340	333	671	581
Participating securities share in FFO	(904)	(681)	(1,562)	(1,025)
Real estate depreciation and amortization from unconsolidated entities	806	614	1,496	1,230
Adjustments for noncontrolling interests	(82)	(771)	(211)	(1,567)
FFO attributable to common shareholders	$ 105,686	$ 99,803	$ 210,207	$ 148,215
Transaction related and other costs	3,235	424	4,949	4,561
Change in fair value of contingent consideration	—	—	—	21
Amortization of deferred financing costs and debt discount	4,501	4,412	9,015	9,371
Write off of deferred financing costs and debt discount	—	2,413	—	22,828
Costs related to the early repayment of debt	—	10,935	—	28,485
Stock based compensation	3,201	3,462	6,513	6,797
Gain on sale of unconsolidated entity, net of tax	(1,212)	—	(1,212)	—
Gain on sale of operations	—	(28,143)	—	(28,143)
Non-real estate depreciation and amortization	19,879	17,493	39,443	35,080
Straight-line revenues and amortization of below-market lease intangibles	(10,126)	(7,309)	(21,148)	(14,215)
Maintenance capital expenditures	(2,456)	(2,408)	(4,822)	(4,384)
Other, net	(8,060)	1,961	(16,230)	(2,009)
Adjustments for equity in earnings from unconsolidated entities	269	258	565	614
Adjustments for noncontrolling interests	(20)	(52)	(41)	(870)
AFFO attributable to common shareholders	$ 114,897	$ 103,249	$ 227,239	$ 206,351

Liquidity and Capital Resources

Our principal liquidity needs are to fund operating expenses, meet debt service obligations, fund investment activities, including capital expenditures, and make dividend distributions. Furthermore, following consummation of our settlement agreement with Windstream, including entry into the Windstream Leases, we are obligated (i) to make $490.1 million of cash payments to Windstream in equal installments over 20 consecutive quarters beginning in October 2020 and (ii) to reimburse Windstream for up to an aggregate of $1.75 billion for Growth Capital Improvements in long-term value accretive fiber and related assets made by Windstream through 2029. To date, we have paid $215.4 million of the $490.1 million due to Windstream under the settlement agreement, including $92.9 million that we pre-paid on October 14, 2021, $78.0 million of which was funded from a portion of the proceeds of the 2030 Notes. Uniti's reimbursement commitment for Growth Capital Improvements does not require Uniti to reimburse Windstream for maintenance or repair expenditures (except for costs incurred for fiber replacements to the CLEC MLA leased property, up to $70 million during the term), and each such reimbursement is subject to underwriting standards. Uniti's total annual reimbursement commitments for the Growth Capital Improvements under both Windstream Leases (and under separate equipment loan facilities) were limited to $125 million in 2020 and $225 million in 2021, and are limited to $225 million per year in 2022 through 2024; $175 million per year in 2025 and 2026; and $125 million per year in 2027 through 2029.

Our primary sources of liquidity and capital resources are cash on hand, cash provided by operating activities (primarily from the Windstream Leases), available borrowings under our credit agreement by and among the Operating Partnership, CSL Capital, LLC and Uniti Group Finance 2019 Inc., the guarantors and lenders party thereto and Bank of America, N.A., as administrative agent and collateral agent (the "Credit Agreement"), and proceeds from the issuance of debt and equity securities.

As of June 30, 2022, we had cash and cash equivalents of $61.4 million and approximately $300.0 million of borrowing availability under our Revolving Credit Facility under the Credit Agreement. Subsequent to June 30, 2022, other than $22.9 million of Growth Capital Improvements (see *"Result of Operations—Revenues"* above), there have been no material outlays of funds outside of our scheduled interest and dividend payments. Availability under our Revolving Credit Facility is subject to various conditions, including a maximum secured leverage ratio of 5.0:1. In addition, if we incur debt under our Revolving Credit Facility or otherwise such that our total leverage ratio exceeds 6.5:1, our Revolving Credit Facility would impose significant restrictions on our ability to pay dividends. See "—Dividends."

(Thousands)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Cash flow from operating activities:		
Net cash provided by operating activities	$ 234,608	$ 318,477

Cash provided by operating activities is primarily attributable to our leasing activities, which includes the leasing of mission-critical communications assets to anchor customers on either an exclusive or shared-tenant basis, in addition to the leasing of dark fiber network assets to the telecommunications industry. Cash used in operating activities includes compensation and related costs, interest payments, and other changes in working capital. Net cash provided by operating activities was $234.6 million and $318.5 million for the six months ended June 30, 2022 and 2021, respectively. The decrease in net cash provided by operating activities during the six months ended June 30, 2022 is primarily attributable to changes in working capital, including the timing of interest payments associated with debt refinancing activities occurring in 2021.

(Thousands)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Cash flow from investing activities:		
Capital expenditures	$ (184,039)	$ (177,934)
Proceeds from sale of unconsolidated entity (see Note 5)	32,527	—
Proceeds from sale of real estate, net of cash	325	1,034
Proceeds from sale of operations	—	62,113
Proceeds from sale of other equipment	431	399
Net cash used in investing activities	$ (150,756)	$ (114,388)

Net cash used in investing activities was $150.8 million for the six months ended June 30, 2022, primarily driven by capital expenditures ($184.0 million), partially offset by proceeds received from the sale of the Harmoni investment ($32.5 million). Net cash used in investing activities was $114.4 million for the six months ended June 30, 2021, primarily driven by capital expenditures ($177.9 million), partially offset by proceeds from the sale of the Uniti Fiber Northeast operations to Everstream ($62.1 million). Capital expenditures are primarily related to our Uniti Fiber and Uniti Leasing businesses for deployment of network assets, as described under "—Capital Expenditures."

	Six Months Ended June 30,	
(Thousands)	2022	2021
Cash flow from financing activities:		
Repayment of debt	$ —	$ (1,660,000)
Proceeds from issuance of notes	—	1,680,000
Dividends paid	(71,771)	(70,386)
Payments of settlement payable	—	(49,011)
Payments of contingent consideration	—	(2,979)
Distributions paid to noncontrolling interest	(186)	(1,039)
Payment for exchange of noncontrolling interest	(4,620)	—
Borrowings under revolving credit facility	105,000	205,000
Payments under revolving credit facility	(105,000)	(220,000)
Finance lease payments	(601)	(1,393)
Payments for financing costs	—	(25,156)
Payment of tender premium	—	(25,800)
Employee stock purchase program	264	319
Payments related to tax withholding for stock-based compensation	(4,436)	(2,642)
Net cash used in financing activities	$ (81,350)	$ (173,087)

Net cash used in financing activities was $81.4 million for the six months ended June 30, 2022, which was primarily related to dividend payments of $71.8 million, payment for an exchange of noncontrolling interest of $4.6 million, and payments related to tax withholding for stock-based compensation of $4.4 million. Net cash used in financing activities was $173.1 million for the six months ended June 30, 2021, which was primarily driven by the repayment of the 2023 Notes and 2023 Secured Notes ($1.66 billion), net payments under the Revolving Credit Facility ($15.0 million), dividend payments ($70.4 million), payments for financing costs ($25.2 million), payment of settlement obligation ($49.0 million), 2023 Notes tender premium payment ($17.6 million), 2023 Secured Notes early redemption payment ($8.3 million) and contingent consideration payments ($3.0 million), partially offset by proceeds from the issuance of the 2029 Notes and 2028 Secured Notes ($1.68 billion).

Windstream Master Lease and Windstream Leases

On September 18, 2020, in connection with Windstream's emergence from bankruptcy and the implementation of the Settlement, Uniti and Windstream bifurcated the Master Lease and entered into the Windstream Leases that each expires on April 30, 2030. The aggregate initial annual rent under the Windstream Leases is equal to the annual rent under the Master Lease previously in effect. The Windstream Leases contain cross-guarantees and cross-default provisions, which will remain effective as long as Windstream or an affiliate is the tenant under both of the Windstream Leases and unless and until the landlords under the ILEC MLA are different from the landlords under the CLEC MLA. The Windstream Leases permit Uniti to transfer its rights and obligations and otherwise monetize or encumber the Windstream Leases, together or separately, so long as Uniti does not transfer interests in either Windstream Lease to a Windstream competitor.

Pursuant to the Windstream Leases, Windstream (or any successor tenant under a Windstream Lease) has the right to cause Uniti to reimburse up to an aggregate $1.75 billion for certain growth capital improvements in long-term value accretive fiber and related assets made by Windstream (or the applicable tenant under the Windstream Lease) to certain ILEC and CLEC properties (the "Growth Capital Improvements"). Uniti's reimbursement commitment for Growth Capital Improvements does not require Uniti to reimburse Windstream for maintenance or repair expenditures (except for costs incurred for fiber replacements to the CLEC MLA leased property, up to $70.0 million during the term), and each such reimbursement is subject to underwriting standards. Uniti's total annual reimbursement commitments for the Growth

Capital Improvements under both Windstream Leases (and under separate equipment loan facilities) were limited to $125 million in 2020 and $225 million in 2021, and are limited to $225 million per year in 2022 through 2024; $175 million per year in 2025 and 2026; and $125 million per year in 2027 through 2029. If the costs incurred by Windstream (or the successor tenant under a Windstream Lease) for Growth Capital Improvements in any calendar year exceeds the annual limit for such calendar year, Windstream (or such tenant, as the case may be) may submit such excess costs for reimbursement in any subsequent year and such excess costs shall be funded from the annual commitment amounts in such subsequent period. In addition, to the extent that reimbursements for Growth Capital Improvements funded in any calendar year during the term is less than the annual limit for such calendar year, the unfunded amount in any calendar year will carry-over and may be added to the annual limits for subsequent calendar years, subject to an annual limit of $250.0 million in any calendar year.

Starting on the first anniversary of each installment of reimbursement for a Growth Capital Improvement, the rent payable by Windstream under the applicable Windstream Lease will increase by an amount equal to 8.0% (the "Rent Rate") of such installment of reimbursement. The Rent Rate will thereafter increase to 100.5% of the prior Rent Rate on each anniversary of each reimbursement. In the event that the tenant's interest in either Windstream Lease is transferred by Windstream under the terms thereof (unless transferred to the same transferee), or if Uniti transfers its interests as landlord under either Windstream Lease (unless to the same transferee), the reimbursement rights and obligations will be allocated between the ILEC MLA and the CLEC MLA by Windstream, provided that the maximum that may be allocated to the CLEC MLA following such transfer is $20 million per year. If Uniti fails to reimburse any Growth Capital Improvement reimbursement payment or equipment loan funding request as and when it is required to do so under the terms of the Windstream Leases, and such failure continues for thirty (30) days, then such unreimbursed amounts may be applied as an offset against the rent owed by Windstream under the Windstream Leases (and such amounts will thereafter be treated as if Uniti had reimbursed them).

Uniti and Windstream have entered into separate ILEC and CLEC Equipment Loan and Security Agreements (collectively "Equipment Loan Agreement") in which Uniti will provide up to $125 million (limited to $25 million in any calendar year) of the $1.75 billion of Growth Capital Improvements commitments discussed above in the form of loans for Windstream to purchase equipment related to network upgrades or to be used in connection with the Windstream Leases. Interest on these loans will accrue at 8% from the date of the borrowing. All equipment financed through the Equipment Loan Agreement is the sole property of Windstream; however, Uniti will receive a first-lien security interest in the equipment purchased with the loans.

At-the-Market Common Stock Offering Program

We have an effective shelf registration statement on file with the SEC (the "Registration Statement") to offer and sell various securities from time to time. Under the registration statement, we have established an at-the-market common stock offering program (the "ATM Program") to sell shares of common stock having an aggregate offering price of up to $250.0 million. During the three and six months ended June 30, 2022, we did not make any sales under the ATM Program. This program is intended to provide additional financial flexibility and an alternative mechanism to access the capital markets at an efficient cost as and when we need financing, including for acquisitions. In addition, our UPREIT structure enables us to acquire properties by issuing to sellers, as a form of consideration, limited partnership interests in our operating partnership, (commonly called "OP Units"). We believe that this structure will facilitate our ability to acquire individual properties and portfolios of properties by enabling us to structure transactions which will defer taxes payable by a seller while preserving our available cash for other purposes, including the possible payment of dividends.

Outlook

We anticipate continuing to invest in our network infrastructure across our Uniti Leasing and Uniti Fiber portfolios. We anticipate that we will partially finance these needs, as well as operating expenses (including our debt service obligations), from our cash on hand and cash flows provided by operating activities. As of June 30, 2022, we had $300.0 million in borrowing availability under our Revolving Credit Facility (subject to customary borrowing conditions), however, we may need to access the capital markets to generate additional funds in an amount sufficient to fund our business operations, announced investment activities, capital expenditures, including reimbursement commitments for Growth Capital Improvements, debt service and distributions to our shareholders. We are closely monitoring the equity and debt markets and may seek to access them promptly if and when we determine market conditions are appropriate. Our debt covenants currently do not permit us to incur material additional debt.

The amount, nature and timing of any capital markets transactions will depend on: our operating performance and other circumstances; our then-current commitments and obligations; the amount, nature and timing of our capital requirements; any limitations imposed by our current credit arrangements; and overall market conditions. These expectations are forward-looking and subject to a number of uncertainties and assumptions. If our expectations about our liquidity prove to be incorrect or we are unable to access the capital markets as we anticipate, we would be subject to a shortfall in liquidity in the future which could lead to a reduction in our capital expenditures and/or dividends and, in an extreme case, our ability to pay our debt service obligations. If this shortfall occurs rapidly and with little or no notice, it could limit our ability to address the shortfall on a timely basis.

In addition to exploring potential capital markets transactions, the Company regularly evaluates market conditions, its liquidity profile, and various financing alternatives for opportunities to enhance its capital structure. If opportunities are favorable, the Company may refinance or repurchase existing debt. However, there can be no assurances that any debt refinancing would be on similar or more favorable terms than our existing arrangements. This would include the risk that interest rates could increase and/or there may be changes to our existing covenants.

If circumstances warrant, we may take measures to conserve cash as we anticipate that it will be more difficult for us to access the capital markets at attractive rates until such uncertainty is clarified.

Capital Expenditures

	Six Months Ended June 30,				
(Thousands)	Success Based	Maintenance	Integration	Non-Network	Total
Capital expenditures:					
Leasing	$ 14,161	$ —	$ —	$ —	$ 14,161
Growth capital improvements	91,657	—	—	—	91,657
Fiber Infrastructure	72,390	4,822	367	296	77,875
Corporate	—	—	—	346	346
Total capital expenditures	$ 178,208	$ 4,822	$ 367	$ 642	$ 184,039

We categorize our capital expenditures as either (i) success-based, (ii) maintenance, (iii) integration or (iv) corporate and non-network. We define success-based capital expenditures as those related to installing existing or anticipated contractual customer service orders. Maintenance capital expenditures are those necessary to keep existing network elements fully operational. Integration capital expenditures are those made specifically with respect to recent acquisitions that are essential to integrating acquired companies in our business. We anticipate continuing to invest in our network infrastructure across our Uniti Leasing and Uniti Fiber businesses and expect that cash on hand and cash flows provided by operating activities will be sufficient to support these investments. We have the right, but not the obligation (except for Growth Capital Improvements), to reimburse growth capital expenditures in certain of our lease arrangements where we are the lessor.

Uniti's total annual reimbursement commitments to Windstream for the Growth Capital Improvements is discussed above in this Part I, Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in "Liquidity and Capital Resources—Windstream Master Lease and Windstream Leases." Growth Capital Improvements are treated as success-based capital improvements based on the rents paid with respect to such amounts.

If circumstances warrant, we may need to take measures to conserve cash, which may include a suspension, delay or reduction in success-based capital expenditures.

Dividends

We have elected to be taxed as a REIT for U.S. federal income tax purposes. U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pay tax at regular corporate rates to the extent that it annually distributes less than 100% of its taxable income. In order to maintain our REIT status, we intend to make dividend payments of all or substantially all of our taxable income to holders of our common stock out of assets legally available for this purpose, if and to the extent authorized by our board of directors. Before we make any dividend payments, whether for U.S. federal income tax purposes or otherwise, we must first meet both our operating requirements and debt service obligations. If our cash available for distribution is less than our taxable income, we could be required to sell assets or borrow funds to make cash dividends or we may make a portion of the required dividend in the form of a taxable distribution of stock or debt securities.

The following table below sets out details regarding our cash dividends on our common stock:

Period	Payment Date	Cash Dividend Per Share	Record Date
October 1, 2021 - December 31, 2021	January 3, 2022	$ 0.15	December 17, 2021
January 1, 2022 - March 31, 2022	April 15, 2022	$ 0.15	April 1, 2022
April 1, 2022 - June 30, 2022	July 1, 2022	$ 0.15	June 17, 2022

Any dividends must be declared by our Board of Directors, which will take into account various factors including our current and anticipated operating results, our financial position, REIT requirements, conditions prevailing in the market, restrictions in our debt documents and additional factors they deem appropriate. Dividend payments are not guaranteed, and our Board of Directors may decide, in its absolute discretion, at any time and for any reason, not to pay dividends or to change the amount paid as dividends. In light of the ongoing COVID-19 pandemic, we may take further measures to conserve cash, which may include a suspension, delay or reduction in our dividend.

We have achieved a consolidated net leverage ratio as defined in the indenture governing the 7.875% senior secured notes due 2025 (the "2025 Secured Notes") below 5.75 to 1.0 and, therefore, the covenant reversion date (as defined in the 2025 Secured Notes indenture) has occurred. As a result, the restriction imposed by our 2025 Secured Notes from paying cash dividends in excess of 90% of our REIT taxable income has been lifted.

Critical Accounting Policies and Estimates

We make certain judgments and use certain estimates and assumptions when applying accounting principles in the preparation of our Condensed Consolidated Financial Statements. The nature of the estimates and assumptions are material due to the levels of subjectivity and judgment necessary to account for highly uncertain factors or the susceptibility of such factors to change. We have identified the accounting for income taxes, revenue recognition, the impairment of property, plant and equipment, goodwill impairment and business combinations as critical accounting estimates, as they are the most important to our financial statement presentation and require difficult, subjective and complex judgments.

We believe the current assumptions and other considerations used to estimate amounts reflected in our accompanying Condensed Consolidated Financial Statements are appropriate. However, if actual experience differs from the assumptions and other considerations used in estimating amounts reflected in our Condensed Consolidated Financial Statements, the resulting changes could have a material adverse effect on our consolidated results of operations and, in certain situations, could have a material adverse effect on our financial condition.

For further information on our critical accounting estimates, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the notes to our audited financial statements included in our Annual Report. As of June 30, 2022, there has been no material change to these estimates.

Recent Accounting Guidance

New accounting rules and disclosures can impact our reported results and comparability of our financial statements. See Note 2 of Notes to Condensed Consolidated Financial Statements in Part I Item 1 of this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes from the information reported under Item 7A of our Annual Report.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

We have established disclosure controls and procedures, as such term is defined in Rule 13a-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the

Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our principal executive and principal financial officers as appropriate, to allow timely decisions regarding required disclosure.

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2022, and based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of June 30, 2022.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act, that occurred during the quarter ended June 30, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

A description of legal proceedings can be found in Note 13 - Commitments and Contingencies to our Condensed Consolidated Financial Statements, included in this report at Part I, Item 1-Financial Statements, and is incorporated by reference into this Item 1.

Item 1A. Risk Factors.

There have been no material changes to the risk factors affecting our business that were discussed in Part I, "Item 1A. Risk Factors" in our Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Issuer Purchases of Equity Securities

The table below provides information regarding shares withheld from Uniti employees to satisfy minimum statutory tax withholding obligations arising from the vesting of restricted stock granted under the Uniti Group Inc. 2015 Equity Incentive Plan. The shares of common stock withheld to satisfy tax withholding obligations may be deemed purchases of such shares required to be disclosed pursuant to this Item 2.

Period	Total Number of Shares Purchased	Average Price Paid per Share[1]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
April 1, 2022 to April 30, 2022	209,717	$ 13.85	—	—
May 1, 2022 to May 31, 2022	976	10.65	—	—
June 1, 2022 to June 30, 2022	—	—	—	—
Total	210,693	$ 13.83	—	—

[1] The average price paid per share is the weighted average of the fair market prices at which we calculated the number of shares withheld to cover tax withholdings for the employees.

Item 3. Defaults Upon Senior Securities.

None

Item 4. Mine Safety Disclosures.

Not Applicable

Item 5. Other Information.

None

Item 6. Exhibits.

Exhibit Number	Description
10.1*	First Amendment to the Amended and Restated Agreement of Limited Partnership of Uniti Group LP, dated as of April 18, 2022
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNITI GROUP INC.

Date:	August 4, 2022	/s/ Paul E. Bullington
		Paul E. Bullington **Senior Vice President – Chief Financial Officer and Treasurer** **(Principal Financial Officer)**
Date:	August 4, 2022	/s/ Travis T. Black
		Travis T. Black **Vice President – Chief Accounting Officer** **(Principal Accounting Officer)**

Exhibit 10.1

FIRST AMENDMENT
TO THE
AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP
OF
UNITI GROUP LP

FIRST AMENDMENT TO THE AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF UNITI GROUP LP (this "**Amendment**"), dated as of April 18, 2022, by and among Uniti Group LP, a limited partnership formed under the laws of the State of Delaware (the "**Partnership**") and Uniti Group Inc., a Maryland corporation ("**General Partner**"), in its capacity as the general partner of the Partnership. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the LPA (as defined below).

W I T N E S S E T H :

WHEREAS, Uniti, the Partnership and certain other Persons are parties to the Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of July 3, 2017 (the "**LPA**");

WHEREAS, pursuant to Section 11.01 of the LPA, and subject to certain exceptions set forth therein, the LPA can be amended by the General Partner; and

WHEREAS, the General Partner desires to amend the LPA in accordance with Section 11.01 thereof as set forth herein.

NOW, THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Partnership and the General Partner hereby agree as follows:

SECTION 1 <u>Amendment</u>.

A new Section 8.05(g) is hereby added to the LPA as follows:

"(g) The General Partner may, at its election and from time to time, (i) designate one or more of its controlled Affiliates to purchase all or any portion of the Tendered Units to be purchased by the General Partner pursuant to this Section 8.05 and (ii) thereafter revoke any such designation. From and after any such designation (unless and until such designation shall be revoked by the General Partner), a Limited Partner that exercises the Exchange Right shall be deemed to have also offered to sell the Tendered Units to each such designee and any such designee shall be entitled to elect to purchase directly and acquire such Tendered Units pursuant to Section 8.05(b) applied *mutatis mutandis*. Furthermore, notwithstanding the fact that the General Partner may have previously notified an Exchanging Partner that the General Partner will acquire the Tendered Units, any such designee may elect to purchase directly and acquire such Tendered Units pursuant to Section 8.05(b) applied *mutatis mutandis*. Without limiting the foregoing, Talk America Services, LLC is hereby designated pursuant to this Section 8.05(g) and shall continue as such unless and until the General Partner revokes such designation."

SECTION 2 Reference to and Effect on the LPA. Each reference in the LPA to “this Agreement”, “hereunder”, “hereof”, “herein”, or words of like import shall, except where the context otherwise requires, be deemed a reference to the LPA as amended hereby. No reference to this Amendment need be made in any instrument or document at any time referring to the LPA, and a reference to the LPA in any of such instruments or documents will be deemed to be a reference to the LPA as amended hereby. Except as expressly provided in this Amendment, all provisions of the LPA remain in full force and effect and are not modified by this Amendment, and the parties hereby ratify and confirm each and every provision thereof.

SECTION 3 Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to its conflicts of laws principles.

SECTION 4 Miscellaneous. This Amendment may be executed in two or more counterparts, each of which shall be deemed an instrument, but all of which together shall constitute one and the same instrument. This Amendment may be executed by facsimile or other electronic transmission, and such signatures shall have the same force and effect as originals. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns under the LPA.

[Remainder of Page Intentionally Left Blank**]**

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment as of the date first above written.

UNITI GROUP LP
By: Uniti Group, Inc., its general partner

By: /s/ Daniel Heard
Name: Daniel Heard
Title: EVP – General Counsel and Secretary

UNITI GROUP INC., as general partner

By: /s/ Daniel Heard
Name: Daniel Heard
Title: EVP – General Counsel and Secretary

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kenneth A. Gunderman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Uniti Group Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant, as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2022

By: /s/Kenneth A. Gunderman

Kenneth A. Gunderman
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Paul E. Bullington, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Uniti Group Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant, as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2022

By: /s/ Paul E. Bullington

Paul E. Bullington
Senior Vice President –Chief Financial Officer
and Treasurer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Uniti Group Inc. (the “Company”) for the period ending June 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 4, 2022

By: /s/ Kenneth A. Gunderman
Kenneth A. Gunderman
President and Chief Executive Officer

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Uniti Group Inc. (the “Company”) for the period ending June 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 4, 2022

By: /s/ Paul E. Bullington

Paul E. Bullington
Senior Vice President – Chief Financial Officer and Treasurer